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Grant of Individual Exemption Involving BlackRock, Inc. and its Investment
Advisory, Investment Management and Broker-Dealer Affiliates and their
Successors (Applicants); Notice

DEPARTMENT OF LABOR**Employee Benefits Security Administration**

[Prohibited Transaction Exemption 2011–17; Exemption Application No. D–11588]

Grant of Individual Exemption Involving BlackRock, Inc. and Its Investment Advisory, Investment Management and Broker-Dealer Affiliates and Their Successors (Applicants) Located in New York, NY

AGENCY: Employee Benefits Security Administration, U.S. Department of Labor.

ACTION: Grant of individual exemption.

SUMMARY: This document contains an individual exemption from certain prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974, as amended (ERISA), the Federal Employees' Retirement System Act of 1986, as amended (FERSA), and the Internal Revenue Code of 1986, as amended (the Code). The transactions involve BlackRock, Inc. and its investment advisory, investment management and broker-dealer affiliates and their successors. The individual exemption affects plans for which BlackRock, Inc. and its investment advisory, investment management and broker-dealer affiliates and their successors serve as fiduciaries, and the participants and beneficiaries of such plans.

DATES: *Effective Date:* This exemption is effective as of December 1, 2009.

SUPPLEMENTARY INFORMATION: On March 18, 2011, the Department published a notice of proposed individual exemption from the restrictions of ERISA sections 406(a)(1) and 406(b), FERSA sections 8477(c)(1) and (c)(2) and the sanctions resulting from the application of Code section 4975, by reason of Code section 4975(c)(1) (the Proposed Exemption).¹ The Proposed Exemption was requested by BlackRock, Inc. and its investment advisory, investment management and broker-dealer affiliates and their successors pursuant to ERISA section 408(a), Code section 4975(c)(2) and FERSA section 8477(c)(3), and in accordance with the procedures set forth in 29 CFR part 2570, subpart B (55 FR 32836, 32847, August 10, 1990). Effective December 31, 1978, section 102 of the Reorganization Plan No. 4 of 1978, (43 FR 47713, October 17, 1978) transferred the authority of the Secretary of the Treasury to issue exemptions of the type

requested to the Secretary of Labor. Accordingly, this final individual exemption is being issued solely by the Department.

Background²

BlackRock, Inc. (BlackRock), based in New York, NY, is the largest publicly-traded investment management firm in the United States. BlackRock, through its investment advisory and investment management subsidiaries, currently manages assets for institutional and individual investors worldwide through a variety of equity, fixed income, cash management and alternative investment products. As of September 30, 2010, BlackRock, through its advisor subsidiaries, had approximately \$3.446 trillion in assets under management, including assets managed by BlackRock Institutional Trust Company, N.A. (BTC) (formerly known as Barclays Global Investors, N.A. (BGI)) and its affiliates.

BTC is a national banking association headquartered in San Francisco, California. Prior to its acquisition by BlackRock on December 1, 2009 (the Acquisition), BTC (then BGI) was the largest asset manager in the U.S. A significant amount of BTC's assets under management in the U.S. consist of assets of employee benefit plans subject to ERISA, FERSA and/or the Code. BTC is a market leader in index and model-driven investment products. Until its sale to BlackRock, BGI was an indirect subsidiary of Barclays PLC. BTC, as of the date of the Acquisition, is now a wholly-owned subsidiary of BlackRock.

Immediately following the Acquisition, (1) Barclays PLC (Barclays), (2) Bank of America Corporation (BOA), and (3) The PNC Financial Services Group, Inc. (PNC) (each of these, a Minority Passive Shareholder, or MPS) controlled the following interests in BlackRock:

(a) *BOA.* BOA owned approximately 3.7% of BlackRock voting common stock and approximately 34.2% of BlackRock equity by value.

(b) *PNC.* PNC owned approximately 35.2% of BlackRock voting common stock and approximately 24.5% of BlackRock equity by value.

(c) *Barclays.* Barclays owned approximately 4.8% of BlackRock voting common stock and approximately 19.8% of BlackRock equity by value.

Post-Acquisition, a secondary offering of BlackRock common stock was completed on November 15, 2010 (the Secondary Offering). BlackRock's

ownership structure following the Secondary Offering was as follows: (a) BOA controlled 0% of BlackRock's voting common stock and approximately 7.1% of BlackRock's equity by value; (b) PNC controlled approximately 25.3% of BlackRock's voting common stock and approximately 20.3% of BlackRock's equity by value; and (c) Barclays controlled approximately 2.3% of BlackRock's voting common stock and approximately 19.6% of BlackRock's equity by value.

All BlackRock stock beneficially owned by each MPS (other than stock held in certain fiduciary capacities and customer or market making accounts) is subject to a stockholders agreement entered into by and between that MPS and BlackRock (collectively, the Stockholders Agreements). Pursuant to each Stockholders Agreement, each MPS has or had the right to identify to BlackRock two (2) prospective directors, and, if such nominees are reasonably acceptable to the BlackRock Board of Directors (the Board), BlackRock and each respective MPS agrees to use best efforts to cause the election of such nominees to the Board. As a result of the Secondary Offering, BOA fell below a ten percent (10%) equity interest, and, assuming that it remains below this level, it lost the right to identify to BlackRock one representative director on or about February 13, 2011.

At least ten (10) of the current eighteen (18) BlackRock directors must be "independent" (within the meaning of New York Stock Exchange rules) of the MPSs and BlackRock management and each MPS must vote its BlackRock voting common stock in accordance with the recommendations of the Board. In addition, the Audit Committee, the Management Development and Compensation Committee, and the Nominating and Governance Committee of the Board consist entirely of independent directors, and a majority of each other Board committee (if any), with the exception of the Executive Committee,³ must consist of independent directors. As of the date hereof, none of the directors representing an MPS serve on any Board committee, except that one director representing PNC serves on the Executive Committee. Further, no MPS representative directors sit on any of the Board of Directors of BlackRock Managers. While each MPS monitors its investment in BlackRock through its

³ While the Executive Committee may exercise the powers of the Board during intervals between Board meetings or at times when the Board is unable to convene, the Executive Committee has not met for over five (5) years.

² Capitalized terms used but not defined in the Background Section have the meaning set forth in Section VI of the exemption.

¹ 76 FR 15058 (March 18, 2011).

Board representatives and each MPS has certain limited governance rights, no MPS has or will have any involvement in the day-to-day management of BlackRock, any BlackRock Manager or any other BlackRock Entity. In addition, the respective Stockholder Agreements impose standstill agreements, transfer restrictions and arm's length transaction restrictions on the ability of an MPS to control BlackRock or any BlackRock Manager.

A BlackRock Manager is a fiduciary with investment discretion with respect to the applicable Client Plan.⁴ As a result, the BlackRock Manager decides whether to enter into a Covered Transaction⁵ with or involving an MPS. The ownership interest of the MPS in BlackRock could affect the BlackRock Manager's best judgment as a fiduciary, raising issues under ERISA Section 406(b). Therefore, the Applicants sought relief from the prohibitions of ERISA section 406(b).

Further, if BlackRock and one or more MPS are deemed affiliates, each MPS and its affiliates will very likely be parties in interest within the meaning of ERISA section 3(14) with respect to many Client Plans. Therefore, the Applicants also sought relief from the prohibitions of ERISA section 406(a).

Such ERISA section 406(a) and section 406(b) relief was sought solely with respect to certain enumerated types of Covered Transactions entered into after the Acquisition and, in certain cases, before the Acquisition and that have continued after the Acquisition.

The structure of the requested relief is founded upon compliance with five sets of general conditions. The five sets of general conditions are: (a) Modified conditions derived from Prohibited Transaction Exemption 84-14, as amended (sometimes referred to as the QPAM Exemption)⁶; (b) restrictions on the compensation of BlackRock Managers and their employees; (c) the establishment and implementation of certain policies and procedures; (d) the appointment by BlackRock of an Exemption Compliance Officer; and (e) the retention by BlackRock of an

Independent Monitor. The purpose of these general conditions is, when coupled with the restrictions of the Stockholders Agreements and the BlackRock ownership structure, to foster independence of action by BlackRock notwithstanding the equity interests in BlackRock held by the MPSs. This unique overarching structure includes a comprehensive compliance function and an independent monitor, each of which work together for the benefit of Client Plans and their participants and beneficiaries by allowing Covered Transactions with or involving an MPS only if the Covered Transaction is, as best as can be determined, as favorable to the Client Plans as arm's length transactions with third parties.

In addition to the general conditions, each Covered Transaction has its own set of specific conditions deemed suitable for it in light of the nature of the transaction. Many of the conditions for individual Covered Transactions are derived from statutory exemptions, administrative class exemptions or administrative individual exemptions frequently relied upon by fiduciaries and parties in interest (sometimes affiliated and sometimes not) to exempt similar transactions. The general and transaction-specific conditions for relief attempt to strike a balance that takes into account both the MPSs' unique equity interests in BlackRock and the ability of BlackRock acting on behalf of Client Plans to engage in arm's length Covered Transactions with or involving institutions as significant in their markets as are the MPSs.

Compliance with the exemption requires that all Violations must be completely corrected. No non-exempt prohibited transaction will be deemed to occur, however, if the Violation is completely corrected (within the meaning of the exemption) no later than fourteen (14) business days following the date on which the Exemption Compliance Officer submits the quarterly report to the Independent Monitor for the quarter in which the Covered Transaction first became a non-exempt prohibited transaction.

Written Comments

The Department invited all interested persons to submit written comments and/or requests for a public hearing with respect to the notice of proposed exemption on or before May 2, 2011. During the comment period, the Department received one (1) Comment letter on the proposed exemption. The sole comment letter was filed by BlackRock. The Department received no hearing requests during the comment period. The following is a discussion of

BlackRock's comments and the Department's responses.

Section III.D. of the Proposed Exemption. Section III.D. of the Proposed Exemption applies to certain transactions in the secondary market by BlackRock Managers of Fixed Income Obligations, including Fixed Income Obligations issued by or traded with an MPS. Specifically, BlackRock comments on the language in Section III.D.2(a) of the Proposed Exemption that states that "[t]he purchase of the Fixed Income Obligation issued by an MPS is not made from the issuing MPS[.]" BlackRock believes that so long as the purchase of an MPS Fixed Income Obligation is the result of the Three Quote Process, as required by the Proposed Exemption, there is no reason why the purchase from the issuing MPS should not be permitted.

BlackRock points out that, for ERISA purposes, the purchase of a Fixed Income Obligation issued by an MPS represents two separate transactions: (1) The purchase of a debt security and (2) an extension of credit, an ongoing relationship with an MPS, which could present the potential for an ERISA conflict of interest. The Proposed Exemption requires that all purchases (or sales) in the secondary market of Fixed Income Obligations issued by or traded with an MPS be conducted through the Three Quote Process in order to ensure that the purchase is executed on the best available economic terms. BlackRock believes that whether or not an MPS Fixed Income Obligation is purchased from the issuing MPS or some other dealer is irrelevant, and the potential for later conflict is unrelated to a purchase pursuant to the Three Quote Process. BlackRock further notes that other safeguards contained in the proposed exemption, particularly the existence of and involvement of the Exemption Compliance Officer and the Independent Monitor, serve to adequately mitigate the risk that an unaddressed conflict will arise during the holding of an MPS Fixed Income Obligation, whether acquired from the issuing MPS or another dealer. In order to address this issue, BlackRock requests that Section III.D.2(a) of the Proposed Exemption be deleted in its entirety.

The Department agrees with the comment, and it has deleted Section III.D.2(a) from the exemption's operative language.

Section III.F. of the Proposed Exemption. Section III.F. of the Proposed Exemption applies to the purchase in an underwriting and holding by BlackRock Managers of Asset-Backed Securities, when an MPS

⁴ "Client Plan" means any plan subject to section 406 of the Act, Code section 4975 or FERSA section 8477(c) for which a BlackRock Manager is a fiduciary as described in section 3(21) of ERISA, including, but not limited to, any Pooled Fund, MPS Plan, Index Account or Fund, Model-Driven Account or Fund, Other Account or Fund, or In-House Plan, except where specified to the contrary.

⁵ "Covered Transaction" means each transaction set forth in Section III of the exemption by a BlackRock Manager for a Client Plan with or involving, directly or indirectly, an MPS and/or a BlackRock Entity.

⁶ 49 FR 9494 (Mar. 13, 1984), as amended, 70 FR 49305 (Aug. 23, 2005), and as amended, 75 FR 38837 (July 6, 2010).

is an underwriter, in the capacity as either a manager or a member of the selling syndicate, trustee, or, in the case of Asset-Backed Securities which are CMBS, servicer. BlackRock states that the language of Section III.F. of the Proposed Exemption would not provide relief in circumstances where an MPS was acting as both an underwriter and a servicer of a CMBS Asset-Backed Security. BlackRock believes such a result was not intended by the Department.⁷ BlackRock comments that both the Affiliated Underwriting provisions of the Proposed Exemption (Section IV.A.) and the Affiliated Servicing provisions of the Proposed Exemption (Section IV.B.) should apply to the transaction. Specifically, in order to address this issue, BlackRock believes that: (1) In the first paragraph of Section III.F. of the Proposed Exemption, clause (iii) should be deleted in its entirety and the following should be substituted “(iii) solely in the case of Asset-Backed Securities which are CMBS, serves as servicer of a trust that issued such CMBS, provided that:”, and (2) in Section III.F.(1), “and” before “(b)” should be replaced with a comma, and the following should be inserted before the semi-colon: “and (c) if an MPS is an underwriter and an MPS is a servicer as described in clause (b), the conditions of both Section IV.A., as modified by Section III.F.1(a), and Section IV.B. must be satisfied.”

The Department agrees with the comment, and it has modified Section III.F. of the exemption’s operative language accordingly.

Section III.M. of the Proposed Exemption. Section III.M.1. of the Proposed Exemption applies to securities lending transactions involving Client Plan assets by BlackRock Managers to an MPS which is a U.S. Broker-Dealer, a U.S. Bank, a Foreign Broker-Dealer or a Foreign Bank. Conditions applicable to these transactions are set forth in Sections III.M.2. and III.M.3. of the Proposed Exemption. BlackRock points out that Sections III.M.2(d), III.M.3(b) and III.M.3(c) of the Proposed Exemption provide an alternative means of compliance with certain collateral requirements if the lending agent is a U.S. Broker-Dealer or U.S. Bank and agrees to provide an indemnity. BlackRock does not believe, however, that there are any significant policy issues presented with respect to these conditions in circumstances where a BlackRock Manager is acting as a lending agent through one of its U.S.

registered investment advisor affiliates and not through a U.S. Bank or U.S. Broker-Dealer. BlackRock argues that, as the largest publicly-traded investment management firm in the world, there should be no concern that an indemnity delivered by a BlackRock Manager would not be honored.⁸

In order to address these issues, BlackRock believes that Section III.M. of the Proposed Exemption should be revised to include the phrase “, an investment advisor registered under the Investment Advisors Act of 1940, as amended” after the words “U.S. Bank” in the first sentence of Sections III.M.2(d), III.M.3(b)(ii) and III.M.3(c) of the Proposed Exemption.

The Department agrees that under the unique factual scenario presented by this exemption, adding U.S. registered investment advisors does not present any significant policy concerns, provided that the registered investment advisor is required to meet additional requirements regarding assets under management and shareholders’ or partners’ equity. Such additional requirements will ensure that the applicable BlackRock Manager can meet the terms of an indemnity agreement. As a result, the Department has modified Section III.M. of the exemption’s operative language to include the term “Registered Investment Advisor” after the words “U.S. Bank” in the first sentence of Sections III.M.2(d), III.M.3(b)(ii) and III.M.3(c) of the Proposed Exemption. Further, the Department has inserted a definition in Section VI.GGG. of the exemption that reads as follows:

“Registered Investment Advisor” means an investment advisor registered under the Investment Advisors Act of 1940, as amended, that has total client assets under its management or control in excess of \$5 billion as of the last day of its most recent fiscal year and shareholders’ or partners’ equity in excess of \$1 million, as shown in the most recent balance sheet prepared within the two years immediately preceding a Covered Transaction, in accordance with generally accepted accounting principles.”

Section III.P. of the Proposed Exemption. Section III.P. of the Proposed Exemption applies to agency execution of equity and fixed income securities trades and related clearing as described in Prohibited Transaction Exemption 86–128, as amended⁹ (PTE 86–128), including agency cross trades,

where the broker is an MPS. Section III.P.2. of the Proposed Exemption requires that Covered Transactions described in Section III.P. of the Proposed Exemption must satisfy the conditions of Section III(e), Section III(f), Section III(g)(2) and Section III(h) of PTE 86–128, which Sections require, among other things, the delivery of certain information to a Client Plan’s “authorizing fiduciary.” BlackRock is concerned that this provision is inconsistent with Section III.P.3. of the Proposed Exemption which requires that the ECO Function receive the information required to be provided to the “authorizing fiduciary” under those sections of PTE 86–128. Applicants believe that it was the Department’s intention that the conditions of Section III of PTE 86–128 that relate to actions required of, or information to be provided to, the Client Plan’s authorizing fiduciary, may be satisfied if required of, or provided to, the ECO Function, including the authority to terminate the MPS broker-dealer.¹⁰

In order to address this ambiguity, BlackRock proposes that Section III.P.3. of the Proposed Exemption be deleted and Section III.P.2. of the Proposed Exemption be amended to read as follows:

“2. The conditions of PTE 86–128 set forth in the following sections of that exemption must be complied with: Section III(e); Section III(f); Section III(g)(2); and Section III(h); provided, however, that for purposes of Section III(e), Section III(f) and Section III(g)(2) of PTE 86–128, the ECO Function is the “authorizing fiduciary” referred to therein; and the ECO has the authority to terminate the use of the MPS as broker-dealer without penalty to Client Plans at any time; and provided further that the first sentence of Section III(h) of PTE 86–128 is amended for purposes of this Section III.P.2. to provide as follows: * * *”

The Department agrees that its intent was to permit the ECO Function to satisfy certain provisions that otherwise might be applicable to a Client Plan’s “authorizing fiduciary” under PTE 86–128. While the Department does not believe that the language of the Proposed Exemption is unclear, in order to ensure clarity, it has modified Section III.P. of the exemption’s operative language as requested by BlackRock.

Section III.U. of the Proposed Exemption. Section III.U. of the Proposed Exemption applies to purchases, sales and holdings by BlackRock Managers for Client Plans of commercial paper issued by ABCP

¹⁰ The Applicants believe such intent is set forth in the Summary of Facts and Representations published with the Proposed Exemption, 76 FR at 15073.

⁷ See Preamble to the Proposed Exemption (76 FR at 15067).

⁸ BlackRock also points out that certain cross-references were inadvertently omitted in Section III.M.3. of the Proposed Exemption. The Department agrees, and the language has been modified to apply the proper cross references to Sections VI.KK. and VI.JJ. of the exemption.

⁹ 51 FR 41686 (Nov. 18, 1986), as amended, 67 FR 64137 (Oct. 17, 2002).

Conduits, when an MPS has one or more roles. BlackRock points out that Section III.U. of the Proposed Exemption does not specifically apply to circumstances under which commercial paper issued by an ABCP Conduit in which an MPS is a placement agent and/or has one or more continuing roles is purchased from or sold to an MPS by a BlackRock Manager. BlackRock believes that this omission was unintentional and is inconsistent with the intent and subsequent provisions of Section III.U. of the Proposed Exemption. In order to address this issue, BlackRock requests that the first paragraph of Section III.U. of the Proposed Exemption should be revised to read:

“Relief under Section I of this exemption is available for the purchase or sale, including purchases from or sales to an MPS, and the holding by BlackRock Managers acting on behalf of Client Plans of commercial paper issued by an ABCP Conduit with respect to which an MPS acts as seller, placement agent, and/or in some continuing capacity such as program administrator, provider of liquidity or provider of credit support, provided that:
* * *”

Further, Section III.U.4. of the Proposed Exemption requires that purchases and sales of ABCP Conduit commercial paper must be conducted pursuant to the Three Quote Process even in situations where such purchase or sale is with a third party in the secondary market and the MPS' sole involvement relates to its performance in a continuing role with respect such ABCP Conduit. BlackRock believes that if the sole involvement of an MPS is acting in a continuing role, then the Three Quote Process should not be required for purchases from or sales to third parties because there will be no additional compensation payable to and/or other benefits conferrable on such MPS in the secondary market by reason of such purchase or sale whether or not the Three Quote Process is followed. In order to address this issue, BlackRock believes that Section III.U.4. of the Proposed Exemption should be revised to delete the words “and/or an MPS performs a continuing role with respect to the Securities.”

The Department agrees with the comments, and it has modified Section III.U. of the exemption's operative language accordingly.

Structured Securities, Including Guaranteed Governmental Mortgage Pool Certificates. BlackRock has determined that there is a common type of transaction which is superficially similar to the “guaranteed governmental mortgage pool certificate” TBA

transactions covered by Section III.N. of the Proposed Exemption, but which in substance is more similar to a straightforward secondary market purchase of a “guaranteed governmental mortgage pool certificate” as defined in the Department's regulations at 29 CFR 2510.3–101(i). An example, BlackRock states, of such a transaction would be a “specified pool” trade, wherein a BlackRock Manager identifies an existing specific mortgage pool listed on the FHLMC Web site, and asks a dealer (or dealers) for a quote on the delivery of a FHLMC pass-through certificate based on such specified pool in a few days time. BlackRock believes that this sort of purchase from an MPS was intended to be covered by the Proposed Exemption, subject to the credit quality determination set forth in Section III.N.2 of the Proposed Exemption and the Three Quote Process. Accordingly, BlackRock requests that the definition of “Fixed Income Obligation” be amended to explicitly include Securities which are guaranteed governmental mortgage pool certificates.

BlackRock additionally believes purchases of Fixed Income Securities, including guaranteed governmental mortgage pool certificates, should be explicitly permitted where an MPS has either an ongoing function or can potentially incur liability. It notes that, pursuant to 29 CFR 2510.3–101(i)(1), when a plan invests in a guaranteed governmental mortgage pool, its assets include its investment in the certificate, but do not, solely by reason of such investment, include any of the underlying mortgages. However, private sector entities, such as an MPS, may perform services with respect to the underlying mortgages.¹¹ BlackRock believes investments in guaranteed governmental pool certificates are analogous to investments in high quality asset-backed debt Securities.

BlackRock observes that Sections III.B., III.C. and III.D. of the Proposed Exemption would permit BlackRock Managers to acquire Fixed Income Obligations issued by an MPS, subject to applicable conditions. On such grounds, BlackRock believes that BlackRock Managers should, therefore, be able to purchase Fixed Income Obligations, whether they are debt under 29 CFR 2510.3–101, or they are guaranteed governmental mortgage pool certificates, if an MPS performs an ongoing function with respect to such Fixed Income Obligations, such as trustee or servicer of collateral of a private sector collateralized structured obligation

constituting debt under the plan asset regulation, or such as a trustee or mortgage servicer under a FNMA certificate.

The conditions of Sections III.D. and III.E. of the Proposed Exemption reflect the ability of a BlackRock Manager to purchase and hold third party Fixed Income Obligations under which an MPS has an ongoing function “such as debt trustee [or] servicer of collateral for asset-backed debt. * * *” BlackRock notes that the heading for Section III.E. mentions only one such role, that of “[d]ebt [t]rustee”, and the heading of Section III.D. does not mention any continuing roles. BlackRock believes that the exemption should clearly reflect the ability of BlackRock Managers to acquire and hold Fixed Income Obligations despite an MPS or MPSs performing one or more of a multiplicity of possible roles with respect to such Securities. BlackRock argues that, in the primary markets, the affiliated underwriting restrictions minimize the chance that a purchase may be intended to benefit an MPS.

Accordingly, BlackRock believes that the following changes should be made to the exemption:

1. Section VI.HH. should be amended to read as follows: “Fixed Income Obligations” means:

(1) Fixed income obligations including structured debt or other instruments characterized as debt pursuant to 29 CFR 2510.3–101, including, but not limited to, debt convertible into equity, certificates of deposit and loans (other than loans with respect to which an MPS is the entity which acts as lead lender); and
(2) guaranteed governmental mortgage pool certificates within the meaning of 29 CFR 2510.3–101(i).

(3) Asset-Backed Securities are not Fixed Income Obligations for purposes of this exemption.

2. The title of Section III.D. and the opening paragraphs thereof should be revised to read as follows:

“D. *Certain Transactions in the Secondary Market by BlackRock Managers of Fixed Income Obligations Including Fixed Income Obligations Issued by or Traded With an MPS, and/or Under Which an MPS has Either an Ongoing Function or Can Potentially Incur Liability.* Relief under Section I of this exemption is available for a purchase or sale in the secondary market or the holding by BlackRock Managers on behalf of Client Plans of (i) Fixed Income Obligations issued by an MPS, (ii) Fixed Income Obligations issued by a third party but purchased from or sold to an MPS, and/or (iii) Fixed Income Obligations under which

¹¹ See, e.g., Advisory Opinion 99–05A, regarding the Federal Agricultural Mortgage Corporation.

an MPS has either an ongoing function or can potentially incur liability, provided that:

(1) If the Fixed Income Obligations are purchased from or sold to an MPS, it is as a result of the Three Quote Process.

(2) * * *

3. The title of Section III.E. and the opening paragraph thereof should be revised to “*Purchase in an Underwriting and Holding by BlackRock Managers of Fixed Income Obligations Issued by a Third Party when an MPS is Underwriter, in Either a Manager or Member Capacity, and/or Under Which an MPS has Either an Ongoing Function or Can Potentially Incur Liability*. Relief under Section I of this exemption is available for the purchase and holding by BlackRock Managers of Fixed Income Obligations issued by third parties in an underwriting when an MPS is an Underwriter, in either a manager or a member capacity, and/or Fixed Income Obligations under which an MPS has either an ongoing function or can potentially incur liability, provided that: * * *

4. A new subsection should be added to each of Sections III.D. and III.E. of the exemption, the text of which would be:¹²

“() With respect to any Fixed Income Obligation acquired under this Section III which is a guaranteed governmental mortgage pool certificate within the meaning of 29 CFR 2510.3–101(i) which is accompanied by an implicit U.S. Government guarantee as opposed to an explicit U.S. Government guarantee (i) The BlackRock Manager initiating a purchase of such Securities makes a determination that such Securities are of substantially similar credit quality as guaranteed governmental mortgage pool certificates accompanied by an explicit U.S. Government guarantee, (ii) the ECO (in regular consultation with and under the supervision of the IM) monitors the credit spread between such implicitly and explicitly guaranteed certificates, and (iii) each of the ECO and the IM (independently) has the authority and responsibility to determine whether purchases of implicitly guaranteed certificates should not be permitted due to such credit spread, and such authority and responsibility is reflected in the EPPs.”

The Department agrees with the comments, and it has modified the exemption’s operative language.

Model or Quantitative Conformity. Sections III.B.1., III.D.2(c), III.R.1. and

III.X.1. of the Proposed Exemption apply to Covered Transactions that involve Model-Driven Accounts or Funds and Index Accounts or Funds. The Applicants have noted that the provisions in Sections III.B.1., III.D.2(c), III.R.1. and III.X.1. of the Proposed Exemption that state that purchases must not “exceed the purchase amount necessary for such Model or quantitative conformity” present a practical issue for the Applicants due to the fact that in the ordinary course of trading in Securities under the specified Covered Transactions, the amount of the Securities purchased could inadvertently exceed the amount necessary for Model or quantitative conformity despite the responsible BlackRock Manager’s intention and reasonable attempt to comply with the condition.

The Applicants have suggested that the language be revised as follows: “And such purchase is reasonably calculated not to exceed the purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount.”

The Department agrees with the comment, and it has modified Sections III.B.1., III.D.2(c), III.R.1. and III.X.1. of the exemption’s operative language accordingly.

Effective Dates. Section I of the Proposed Exemption states that the exemption will be effective from December 1, 2009, through the earlier of (1) The effective date of an individual exemption granting permanent relief for the Covered Transaction or (2) May 31, 2011. BlackRock believes that it is unlikely that an individual exemption granting permanent relief for the Covered Transactions will be granted until late in 2011 or early 2012. As a result, BlackRock requests that the date May 31, 2011, set forth in Section I of the Proposed Exemption, should be revised to March 31, 2012.

The Department agrees with the comment, and it has modified Section I of the final exemption accordingly.

Following the Secondary Offering, BOA’s interest in BlackRock decreased significantly. As a result, the exemption ceased to be available with respect to Bank of America Corporation and any entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Bank of America Corporation (collectively, the BOA Group) on the day after the number of representatives of the BOA Group on the BlackRock Board of Directors was reduced to one (1).

Technical Corrections. BlackRock also sought a number of technical

corrections to the Proposed Exemption. Where the Department agrees with such technical corrections, the technical corrections have been made.

After giving full consideration to the entire record, including BlackRock’s written comment, the Department has decided to grant the exemption, as modified herein. For further information regarding BlackRock’s comments and other matters discussed herein, interested persons are encouraged to obtain copies of the exemption application file (Exemption Application No. D–11588) that the Department maintains with respect to this case. The complete application file, as well as supplemental submissions received by the Department, is made available for public inspection in the Public Documents room of the Employee Benefits Security Administration, Room N–1513, U.S. Department of Labor, 200 Constitution Ave., NW., Washington, DC 20210.

For a more complete statement of the facts and representations supporting the Department’s decision to grant this exemption, refer to the notice of proposed exemption published on March 18, 2011, at 76 FR 15058.

FOR FURTHER INFORMATION CONTACT: Brian Shiker, Office of Exemption Determinations, Employee Benefits Security Administration, U.S. Department of Labor, telephone (202) 693–8552.

Exemption

Section I: Covered Transactions Generally

For the period from December 1, 2009, through the earlier of (i) The effective date of an individual exemption granting permanent relief for the following transactions, or (ii) March 31, 2012,¹³ the restrictions of ERISA sections 406(a)(1) and 406(b), FERSA sections 8477(c)(1) and (2), and the sanctions resulting from the application of Code section 4975, by reason of Code section 4975(c)(1),¹⁴ shall not apply to the Covered Transactions set forth in Section III and entered into on behalf of or with the assets of a Client Plan; provided, that (x) the generally

¹³ The exemption ceased to be available with respect to Bank of America Corporation and any entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Bank of America Corporation (collectively, the BOA Group) on the day after the number of representatives of the BOA Group on the BlackRock Board of Directors was reduced to one (1).

¹⁴ For purposes of this exemption, references to ERISA section 406 should be read to refer as well to the corresponding provisions of Code section 4975 and FERSA section 8477(c).

¹² An “explicit U.S. Government guarantee” refers to the U.S. Government’s statutory guarantee of certain guaranteed governmental mortgage pool certificates. An “implicit U.S. Government guarantee” refers to guaranteed governmental mortgage pool certificates that are not statutorily guaranteed by the U.S. Government but are still issued by corporations chartered by the U.S. Government.

applicable conditions of Section II of this exemption are satisfied, and, as applicable, the transaction-specific conditions set forth below in Sections III and IV of this exemption are satisfied, or (y) the Special Correction Procedure set forth in Section V of this exemption is satisfied.

Section II: Generally Applicable Conditions

A. Compliance with the QPAM Exemption. The following conditions of Part I of Prohibited Transaction Exemption 84-14, as amended (PTE 84-14 or the QPAM Exemption),¹⁵ must be satisfied with respect to each Covered Transaction:

1. The BlackRock Manager engaging in the Covered Transaction is a Qualified Professional Asset Manager;

2. Except as set forth in Section III of this exemption, at the time of the Covered Transaction (as determined under Section VI(i) of the QPAM Exemption) with or involving an MPS, such MPS, or its affiliate (within the meaning of Section VI(c) of the QPAM Exemption),¹⁶ does not have the authority to:

(a) Appoint or terminate the BlackRock Manager as a manager of the Client Plan assets involved in the Covered Transaction, or

(b) negotiate on behalf of the Client Plan the terms of the management agreement with the BlackRock Manager (including renewals or modifications thereof) with respect to the Client Plan assets involved in the Covered Transaction;

3. (a) Notwithstanding the foregoing, in the case of an investment fund (as defined in Section VI(b) of the QPAM Exemption) in which two or more unrelated Client Plans have an interest, a Covered Transaction with an MPS will be deemed to satisfy the requirements of Section II.A.2. of this exemption if the assets of a Client Plan on behalf of which the MPS or its affiliate possesses the authority set forth in Subsections 2(a) and/or (b) above, and which are managed by the BlackRock Manager in the investment fund, when combined with the assets of other Client Plans established or maintained by the same employer (or an affiliate thereof described in section VI(c)(1) of the QPAM Exemption) or by the same employee organization, on behalf of

which the same MPS possesses such authority and which are managed in the same investment fund, represent less than ten percent (10%) of the assets of the investment fund;

(b) For purposes of Section II.A.3.(a) of this exemption, and for purposes of Sections III.I.6, L.3(b), M.2.(b) and U.1. of this exemption, with respect to the assets of an MPS Plan invested in a Pooled Fund as of the date of the Acquisition, which Pooled Fund is a bank-maintained common or collective trust, such assets when aggregated with the assets of all other MPS Plans of the same MPS Group and invested in such Pooled Fund shall be deemed to constitute less than ten percent (10%) of the assets of such Pooled Fund from the date of the Acquisition through July 1, 2010 (the Unwind Period); provided, that:¹⁷

(i) The fees paid by such MPS Plans to BlackRock Managers during the Unwind Period are not more than reasonable compensation and are substantially the same as fees paid to the same BlackRock Managers by other, comparable Client Plans which are not MPS Plans, invested in such Pooled Fund as of the date of the Acquisition;

(ii) such MPS Plans do not pay to the same BlackRock Managers during the Unwind Period any type of fee or other compensation that was not charged to or otherwise borne by Client Plan investors, which are not MPS Plans, in the Pooled Fund as of the date of the Acquisition;

(iii) during the Unwind Period, the IM reviews the investment by the MPS Plans in the Pooled Fund; all fees paid by the MPS Plans to BlackRock Managers are disclosed to the IM; the IM reviews the offering documents for the Pooled Funds and any advisory or management agreements with BlackRock Managers; and any material change in the terms and conditions of the investment by the MPS Plans in the Pooled Fund, including but not limited to fees paid to BlackRock Managers and the terms of the advisory or management agreements with BlackRock Managers, are promptly disclosed to the IM and are subject to the IM's approval; and

(iv) during the Unwind Period, each MPS Plan may terminate its investment in the Pooled Fund upon no more than thirty (30) days notice and without incurring a redemption fee paid to a BlackRock Manager;

4. The terms of the Covered Transaction are negotiated on behalf of the investment fund by, or under the authority and general direction of, the BlackRock Manager and either the BlackRock Manager or (so long as the BlackRock Manager retains full fiduciary responsibility with respect to the Covered Transaction) a property manager acting in accordance with written guidelines established and administered by the BlackRock Manager, makes the decision on behalf of the investment fund to enter into the Covered Transaction, provided that the Covered Transaction is not part of an agreement, arrangement or understanding designed to benefit the MPS;

5. The Covered Transaction is not entered into with an MPS which is a party in interest or disqualified person with respect to any Client Plan whose assets managed by the BlackRock Manager, when combined with the assets of other Client Plans established or maintained by the same employer (or affiliate thereof described in Section VI(c)(1) of the QPAM Exemption) or by the same employee organization, and managed by the BlackRock Manager, represent more than twenty percent (20%) of the total client assets managed by the BlackRock Manager at the time of the Covered Transaction;

6. At the time the Covered Transaction is entered into, and at the time of any subsequent renewal or modification thereof that requires the consent of the BlackRock Manager, the terms of the Covered Transaction are at least as favorable to the investment fund as the terms generally available in arm's length transactions between unrelated parties; and

7. Neither the BlackRock Manager nor any affiliate thereof (as defined in Section VI(d) of the QPAM Exemption),¹⁸ nor any owner, direct or indirect, of a five percent (5%) or more interest in the BlackRock Manager¹⁹ is a person who within the ten years immediately preceding the Covered Transaction has been either convicted or released from imprisonment, whichever is later, as a result of: any felony involving abuse or misuse of such person's employee benefit plan position or employment, or position or employment with a labor organization; any felony arising out of the conduct of the business of a broker, dealer, investment adviser, bank, insurance

¹⁵ 49 FR 9494 (Mar. 13, 1984), as amended, 70 FR 49305 (Aug. 23, 2005), and as amended, 75 FR 38837 (July 6, 2010).

¹⁶ Solely for purposes of this Section II.A.2., no BlackRock Entity will be deemed to be an affiliate of an MPS. The Department is not making herein a determination as to whether any BlackRock Entity is an affiliate of an MPS under ERISA.

¹⁷ For purposes of this Section II.A.3.(b), the MPS Plans of each of the MPS Groups (the PNC MPSs, the BOA MPSs, and the Barclays MPSs) are separately aggregated (e.g., all MPS Plans of BOA MPSs are aggregated together but are not aggregated with MPS Plans of Barclays MPSs or PNC MPSs).

¹⁸ For the avoidance of doubt, all MPSs are excluded from the term "affiliate" for these purposes.

¹⁹ For the avoidance of doubt, all MPSs are excluded from the term "owner" for these purposes.

company or fiduciary; income tax evasion; any felony involving the larceny, theft, robbery, extortion, forgery, counterfeiting, fraudulent concealment, embezzlement, fraudulent conversion, or misappropriation of funds or securities; conspiracy or attempt to commit any such crimes or a crime in which any of the foregoing crimes is an element; or any other crime described in ERISA section 411. For purposes of this section, a person shall be deemed to have been "convicted" from the date of the judgment of the trial court, regardless of whether that judgment remains under appeal.

B. Compensation. None of the employees of a BlackRock Manager receive any compensation that is based on any Covered Transaction having taken place between Client Plans and any of the MPSs (as opposed to with another institution that is not an MPS). The fact that a specific Covered Transaction occurred with an MPS as opposed to a non-MPS counterparty is ignored by BlackRock and BlackRock Managers for compensation purposes. None of the employees of BlackRock or a BlackRock Manager receive any compensation from BlackRock or a BlackRock Manager which consists of equity Securities issued by an MPS, which fluctuates in value based on changes in the value of equity Securities issued by an MPS, or which is otherwise based on the financial performance of an MPS independent of BlackRock's performance, provided that this condition shall not fail to be met because the compensation of an employee of a BlackRock Manager fluctuates with the value of a broadly-based index which includes equity Securities issued by an MPS.

C. Exemption Policies and Procedures. BlackRock adopts and implements Exemption Policies and Procedures (EPPs) which address each of the types of Covered Transactions and which are designed to achieve the goals of: (1) Compliance with the terms of the exemption, (2) ensuring BlackRock's decision-making with respect to the Covered Transactions on behalf of Client Plans with MPSs or BlackRock Entities is done in the interests of the Client Plans and their participants and beneficiaries, and (3) to the extent possible, verifying that the terms of such Covered Transactions are at least as favorable to the Client Plans as the terms generally available in arm's length transactions with unrelated parties. The EPPs are developed with the cooperation of both the Exemption Compliance Officer (ECO) and the Independent Monitor (IM), and such EPPs are subject to the approval of the

IM. The EPPs need not address transactions which are not within the definition of the term Covered Transactions.

Transgressions of the EPPs which do not result in Violations require correction only if the amount involved in the transgression and the extent of deviation from the EPPs is material, taking into account the amount of Client Plan assets affected by such transgressions (EPP Corrections). The ECO will make a written determination as to whether such transgressions require EPP Correction, and, if the ECO determines an EPP Correction is required, the ECO will provide written notice to the IM of the EPP Correction. The ECO will provide summaries for the IM of any such EPP Corrections as part of the quarterly report referenced in Section II.D.11.

D. Exemption Compliance Officer. BlackRock appoints an Exemption Compliance Officer (ECO) with respect to the Covered Transactions. If the ECO resigns or is removed, BlackRock shall appoint a successor ECO within a reasonable period of time, not to exceed thirty (30) days, which successor shall be subject to the affirmative written approval of the IM. With respect to the ECO, the following conditions shall be met:

1. The ECO is a legal professional with at least ten years of experience and extensive knowledge of the regulation of financial services and products, including under ERISA and FERSA;

2. A committee made up exclusively of members of the Board who are independent of BlackRock and the MPSs determines the ECO's compensation package, with input from the general counsel of BlackRock; the ECO's compensation is not set by BlackRock business unit heads, and there is no direct or indirect input regarding the identity or compensation of the ECO from any MPS;

3. The ECO's compensation is not based on performance of any BlackRock Entity or MPS, although a portion of the ECO's compensation may be provided in the form of BlackRock stock or stock equivalents;

4. The ECO can be terminated by BlackRock only with the approval of the IM;

5. The EPPs prohibit any officer, director or employee of BlackRock or any MPS or any person acting under such person's direction from directly or indirectly taking any action to coerce, manipulate, mislead, or fraudulently influence the ECO in the performance of his or her duties;

6. The ECO is responsible for monitoring Covered Transactions and

shall determine whether Violations have occurred, and the appropriate correction thereof, consistent with the requirements of Section V of this exemption;

7. If the ECO determines a Violation has occurred, the ECO must determine why it occurred and what steps should be taken to avoid such a Violation in the future (e.g., additional training, additional procedures, additional monitoring, or additional and/or changed processes or systems);

8. The ECO is responsible for monitoring and overseeing the implementation of the EPPs. The ECO may delegate such responsibilities to the ECO Function, but the ECO will remain responsible for monitoring and overseeing the ECO Function's implementation of the EPPs. When appropriate, the ECO will recommend changes to the EPPs to BlackRock and the IM. The ECO will consult with the IM regarding the need for, timing, and form of EPP Corrections;

9. The ECO carries out the responsibilities required of the ECO described in: (a) The definition of "Index" in this exemption and (b) with respect to loans of Securities to an MPS in Section III.M. of this exemption, and carries out such other responsibilities stipulated or described in Section III of this exemption including supervision of the ECO Function;

10. The ECO, with the assistance of the ECO Function, monitors Covered Transactions and situations resulting from Covered Transactions with or involving an MPS with respect to which, because of the investment of the MPS in BlackRock, an action or inaction on the part of a BlackRock Manager might be thought to be motivated by an interest which may affect the exercise of such BlackRock Manager's best judgment as a fiduciary. If a situation is identified by the ECO which poses the potential for a conflict, as specified in Section III, the ECO shall consult with the IM, or refer decision-making to the discretion of the IM;

11. The ECO provides a quarterly report²⁰ to the IM summarizing the material activities of the ECO for the preceding quarter and setting forth any Violations discovered during the quarter and actions taken to correct such Violations. With respect to Violations, the ECO report details changes to process put in place to guard against a substantially similar Violation occurring again, and recommendations for additional training, additional procedures, additional monitoring, or

²⁰ The first quarterly report covered a 4-month period ending March 31, 2010.

additional and/or changed processes or systems or training changes and BlackRock management's actions on such recommendations. In connection with providing the quarterly report for the second quarter and fourth quarter of each year, upon the request of the IM, the ECO and the IM shall meet in person to review the content of the report. Other members of the ECO Function may attend such meetings at the request of either the ECO or the IM;

12. In each quarterly report, the ECO certifies in writing to his or her knowledge that (a) The quarterly report is accurate; (b) BlackRock's compliance program is working in a manner which is reasonably designed to prevent Violations; (c) any Violations discovered during the quarter and the related corrections taken to date have been identified in the report; and (d) BlackRock has complied with the EPPs in all material respects;

13. No less frequently than annually, the ECO certifies to the IM as to whether BlackRock has provided the ECO with adequate resources, including, but not limited to, adequate staffing of the ECO Function, and, in connection with the quarterly report for the fourth quarter of each year, the ECO shall identify to the IM those BlackRock Managers that relied upon this exemption during the prior year and those that he reasonably anticipates relying on this exemption during the current year; and

14. The ECO provides any further information regarding Covered Transactions reasonably requested by the IM.

E. Independent Monitor. BlackRock retains an Independent Monitor (IM) with respect to the Covered Transactions. If the IM resigns or is removed, BlackRock shall appoint a successor IM within a reasonable period of time, not to exceed thirty (30) days. The IM:

1. Agrees in writing to serve as IM, and he or she is independent within meaning of Section VI(OO);

2. Approves the ECO selected by BlackRock, and as part of the approval process and annually thereafter approves in general terms the reasonableness of the ECO's compensation, taking into account such information as the IM may request of BlackRock and which BlackRock must supply, and approves any termination of the ECO by BlackRock;

3. Assists in the development of, and the granting of written approval of, the EPPs and any material alterations of the EPPs by determining that they are reasonably designed to achieve the goals of (a) compliance with the terms of the exemption, (b) ensuring BlackRock's

decision-making with respect to Covered Transactions on behalf of Client Plans with MPSs or BlackRock Entities is done in the interests of the Client Plans and their respective participants and beneficiaries and, (c) requiring, to the extent possible, verification that the terms of such Covered Transactions are at least as favorable to the Client Plans as the terms generally available in comparable arm's length transactions with unrelated parties;

4. Consults with the ECO regarding the need for, timing and form of any EPP Corrections. The IM has the responsibilities with respect to corrections of Violations, as set forth in Section V of this Exemption. In response to EPP Corrections or Violations, the IM considers whether, and must have the authority, to require further sampling, testing or corrective action if necessary;

5. Exercises discretion for Client Plans in situations specified in Section III of this exemption where BlackRock Managers may be thought to have conflicts;

6. Performs certain monitoring functions described in Section III, and carries out the responsibilities required of the IM, as set forth in the definition of "Index" in this exemption, and with respect to loans of Securities to an MPS as set forth in Section III.M. of this exemption, and carries out such other responsibilities stipulated in Section III of this exemption;

7. Reviews the quarterly reports of the ECO, obtains and reviews representative samples of the data underlying the quarterly reports of the ECO, and, if the IM deems it appropriate, obtains additional factual information on either an ad hoc basis or on a systematic basis;

8. Reviews the certifications of the ECO as to whether (a) The quarterly report is accurate; (b) BlackRock's compliance program is working in a manner which is reasonably designed to prevent Violations; (c) any Violations discovered during the quarter and the related corrections taken to date have been identified in the report; (d) BlackRock has complied with the EPPs in all material respects; and (e) BlackRock has provided the ECO with adequate resources, including, but not limited to, adequate staffing of the ECO Function;

9. Determines, on the basis of the information supplied to the IM by BlackRock and the ECO, whether there has occurred a pattern or practice of insufficient diligence in adhering to the EPPs and/or the conditions of the exemption, and if such a determination is made, reports the same to the

Department, and informs BlackRock and the ECO of any such report;

10. Determines whether the purchases of equity Securities issued by an MPS on behalf of Client Plans that are Other Accounts or Funds by a BlackRock Manager has had a positive material impact on the market price for such Securities, notwithstanding any volume limitations imposed by Section III.S. of the exemption and/or imposed by the IM with respect to such equity Securities. The IM makes this determination based upon its review of the relevant monthly reports required by the exemption with respect to such Covered Transactions provided by the ECO and publicly available information materially related to the trading of the Securities of an MPS on its primary listing exchange (or market);

11. Issues an annual compliance report,²¹ to be timely delivered to (i) the Chairman of the Board of Directors of BlackRock, (ii) the Chief Executive Officer of BlackRock and (iii) the General Counsel of BlackRock. The annual compliance report shall be based on a review of the EPPs, the quarterly reports provided by the ECO, any transactions reviewed by the IM as well as any additional information the IM requests from BlackRock, and certifying to each of the following (or describing any exceptions thereto) that:

(a) The EPPs are reasonably designed to achieve the goals of (i) compliance with the terms of the exemption, (ii) ensuring BlackRock's decision-making with respect to Covered Transactions on behalf of Client Plans with MPSs or BlackRock Entities is done in the interests of the Client Plans and the respective participants and beneficiaries, and (iii) requiring to the extent possible, verification that the terms of any Covered Transaction are at least as favorable to Client Plans as the terms generally available in comparable arm's length transactions with unrelated parties;

(b) the EPPs and the other terms of the exemption were complied with, with any material exceptions duly noted;

(c) the IM has made the determination referred to in Section II.E.9. and the results of that determination;

(d) BlackRock has provided the ECO with adequate resources, including but not limited to adequate staffing of the ECO Function; and

(e) the compensation package for the ECO for the prior year is reasonable;

12. The annual compliance report of the IM, as described in Section II.E.11., shall contain a summary of Violations,

²¹ The first annual compliance report covered the 13-month period ending December 31, 2010.

any corrections of Violations required by the IM and/or the ECO at any time during the prior year. In addition, the IM further certifies that BlackRock correctly implemented the prescribed corrections, based in part on certification from the ECO; and

13. The annual compliance report of the IM shall also be timely delivered by the IM to the chief executive officer, the general counsel and the members of the boards of directors of each of the BlackRock Managers identified to the IM by the ECO as having relied upon this exemption during the prior year and those that the ECO reasonably anticipates will be relying on this exemption during the current year. The copies of the compliance report described in this Section II.E.13. shall be accompanied by a cover letter from the IM calling the attention of the recipients to any violations, material exceptions to compliance with the EPPs, or other shortfalls in compliance with the exemption to assist such officers and directors in carrying out their respective responsibilities.

F. Special Notice Provisions. A Special Notice containing (i) A notice of all of the conditions for relief under Sections III.C., E., F., G., Q., R., S. and V. and (ii) a copy of the Notice to Interested Parties must be provided to affected Client Plans in writing (which may be provided by U.S. mail or electronically, including by e-mail or use of a centralized electronic mailbox, so long as such electronic communication is reasonably calculated to result in the applicable Client Plan's receipt) as soon as practical, but no later than fifteen (15) days, following the date that the Notice to Interested Persons is provided to Client Plans generally, through publication in the **Federal Register**. As soon as practical following the Special Notice, a Client Plan fiduciary independent of any BlackRock Entity must be provided any additional material information regarding Covered Transactions described in Sections III.C., E., F., G., Q., R., S. and V. by the applicable BlackRock Manager on reasonable request; provided, that, solely for purposes of this subsection, the fiduciary of an In-House Plan is not required to be independent of any BlackRock Entity.

Section III: Covered Transactions

A. Continuing Transactions. Relief under Section I of this exemption is available for Type B Covered Transactions and Type C Covered Transactions and the unwind, settlement or other termination thereof provided that:

1. A list of all Type B Covered Transactions and all Type C Covered Transactions (the B and C List) as of the date of the Acquisition is prepared by BlackRock and provided to the ECO.

2. Any discretionary act by a BlackRock Manager with respect to a transaction on the B and C List is approved in advance in writing by the ECO. Such approval is required for, but not limited to, sales and other transfers to a third party, redemptions, the exercise of options, and the declaration of default or other credit impairment-driven decisions. The ECO must determine that the terms of such discretionary act are in the interests of the affected Client Plans.

3. The ECO Function periodically monitors outstanding transactions on the B and C List to inquire if an affirmative discretionary act, such as a credit driven action, would be appropriate. If the ECO makes such a determination, the ECO must direct the action be taken and must approve the terms thereof as being in the interests of the affected Client Plans.

4. The ECO Function sends to the IM an updated copy of the B and C List as of the end of each fiscal quarter summarizing the Type B Covered Transactions and Type C Covered Transactions remaining at the end of the quarter and any discretionary actions taken during the quarter by BlackRock Managers with respect to such transactions.

5. Upon the determination by the IM that an action taken with respect to a Type B Covered Transaction or Type C Covered Transaction was inappropriate or that the compensation the Client Plans received was inadequate, or that an action should have been taken but was not, the Client Plans are made whole by BlackRock.

B. Purchases and Holdings by BlackRock Managers of Fixed Income Obligations Issued by an MPS in an Underwriting on Behalf of Client Plans Invested in an Index Account or Fund, or in a Model-Driven Account or Fund. Relief under Section I of this exemption is available for a purchase and holding by BlackRock Managers of Fixed Income Obligations issued by an MPS in an underwriting on behalf of Client Plans for an Index Account or Fund, or a Model-Driven Account or Fund, provided that:

1. Such purchase is for the sole purpose of maintaining quantitative conformity with the weight of such Securities prescribed by the relevant Index, for Index Accounts or Funds, or the weight of such Securities prescribed by the relevant Model, for Model-Driven Accounts or Funds; and such purchase

is reasonably calculated not to exceed the purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount;

2. Such purchase is not made from any MPS;

3. No BlackRock Entity is in the selling syndicate;

4. After purchase, the responsible BlackRock Manager notifies the ECO if circumstances arise in which an action or inaction on the part of the BlackRock Manager regarding an MPS Fixed Income Obligation so acquired might be thought to be motivated by an interest which may affect the exercise of such BlackRock Manager's best judgment as a fiduciary, and complies with decisions of the ECO regarding the taking, or the refraining from taking, of actions in such circumstances; and

5. After purchase, any decision regarding conversion of an MPS Fixed Income Obligation into equity in the MPS is made by the IM.

C. Purchase and Holding by BlackRock Managers of Fixed Income Obligations Issued by an MPS in an Underwriting on Behalf of Client Plans Invested in an Other Account or Fund. Relief under Section I of this exemption is available for a purchase and holding by BlackRock Managers of Fixed Income Obligations issued by an MPS in an underwriting on behalf of Client Plans invested in an Other Account or Fund provided that:

1. The conditions of Section IV.A. of this exemption are satisfied, except that for purposes of Section IV.A.4.(a) and Section IV.A.5.(c), the MPS-issued Fixed Income Obligations at the time of purchase must be rated in one of the three highest rating categories by a Rating Organization and none of the Rating Organizations may rate the Fixed Income Obligations lower than in the third highest rating category;

2. Such purchase is not made from an MPS;

3. No BlackRock Entity is in the selling syndicate;

4. After purchase, the responsible BlackRock Manager notifies the ECO if circumstances arise in which an action or inaction on the part of the BlackRock Manager regarding an MPS Fixed Income Obligation so acquired might be thought to be motivated by an interest which may affect the exercise of such BlackRock Manager's best judgment as a fiduciary, and complies with decisions of the ECO regarding the taking, or the refraining from taking, of actions in such circumstances;

5. After purchase, any decision regarding conversion of an MPS Fixed Income Obligation into equity in the MPS is made by the IM; and

6. Special Notice of all of the foregoing conditions for relief under this Section III.C. must be provided in accordance with the terms of Section II.F.

D. *Certain Transactions in the Secondary Market by BlackRock Managers of Fixed Income Obligations Including Fixed Income Obligations Issued by or Traded With an MPS, and/or Under Which an MPS has Either an Ongoing Function or Can Potentially Incur Liability.* Relief under Section I of this exemption is available for a purchase or sale in the secondary market or the holding by BlackRock Managers on behalf of Client Plans of (i) Fixed Income Obligations issued by an MPS, (ii) Fixed Income Obligations issued by a third party but purchased from or sold to an MPS, and/or (iii) Fixed Income Obligations under which an MPS has either an ongoing function or can potentially incur liability, provided that:

1. If the Fixed Income Obligations are purchased from or sold to an MPS, it is as a result of the Three Quote Process.

2. With respect to Fixed Income Obligations that are issued by an MPS and are purchased and held by a BlackRock Manager for a Client Plan—

(a) After purchase, the responsible BlackRock Manager notifies the ECO if circumstances arise in which an action or inaction on the part of the BlackRock Manager regarding an MPS Fixed Income Obligation so acquired might be thought to be motivated by an interest which may affect the exercise of such BlackRock Manager's best judgment as a fiduciary, and complies with the decisions of the ECO regarding the taking, or the refraining from taking, of actions in such circumstances;

(b) After purchase, any decision regarding conversion of an MPS Fixed Income Obligation into equity in the MPS is made by the IM; and

(c) If purchased for an Index Account or Fund, or a Model-Driven Account or Fund, such purchase is for the sole purpose of maintaining quantitative conformity with the weight of such Securities prescribed by the relevant Index, for Index Accounts or Funds, or the weight of such Securities prescribed by the relevant Model, for Model-Driven Accounts or Funds and such purchase is reasonably calculated not to exceed the purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount.

3. With respect to Fixed Income Obligations (whether or not issued by an MPS) held by a BlackRock Manager for a Client Plan under which an MPS has an ongoing function, such as servicing of collateral for asset-backed debt, or the

potential for liability, such as under representations or warranties made by an MPS with respect to collateral for such asset-backed debt which the MPS originated, the taking of or refraining from taking any action by the responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the ECO.

4. With respect to any Fixed Income Obligation acquired under this Section III.D. which is a guaranteed governmental mortgage pool certificate within the meaning of 29 CFR 2510.3–101(i) which is accompanied by an implicit U.S. Government guarantee as opposed to an explicit U.S. Government guarantee, (a) The BlackRock Manager initiating a purchase of such Securities makes a determination that such Securities are of substantially similar credit quality as guaranteed governmental mortgage pool certificates accompanied by an explicit U.S.

Government guarantee, (b) the ECO (in regular consultation with and under the supervision of the IM) monitors the credit spread between such implicitly and explicitly guaranteed certificates, and (c) each of the ECO and the IM (independently) has the authority and responsibility to determine whether purchases of implicitly guaranteed certificates should not be permitted due to such credit spread, and such authority and responsibility is reflected in the EPPs.

5. For purposes of this Section III.D., Asset-Backed Securities are not Fixed Income Obligations.

E. *Purchase in an Underwriting and Holding by BlackRock Managers of Fixed Income Obligations Issued by a Third Party when an MPS is Underwriter, in Either a Manager or Member Capacity, and/or Under Which an MPS has Either an Ongoing Function or Can Potentially Incur Liability.* Relief under Section I of this exemption is available for the purchase and holding by BlackRock Managers of Fixed Income Obligations issued by third parties in an underwriting when an MPS is an Underwriter, in either a manager or a member capacity, and/or Fixed Income Obligations under which an MPS has either an ongoing function or can potentially incur liability, provided that:

1. The conditions of Section IV.A. are satisfied.

2. Such purchase is not made from an MPS.

3. No BlackRock Entity is in the selling syndicate.

4. With respect to Fixed Income Obligations under which an MPS has either an ongoing function, such as debt trustee, servicer of collateral for asset-

backed debt, or the potential for liability, such as under representations or warranties made by an MPS with respect to collateral for such asset-backed debt which the MPS originated, the taking of or refraining from taking any action by the responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the ECO.

5. With respect to any Fixed Income Obligation acquired under this Section III.E. which is a guaranteed governmental mortgage pool certificate within the meaning of 29 CFR 2510.3–101(i) which is accompanied by an implicit U.S. Government guarantee as opposed to an explicit U.S. Government guarantee, (a) The BlackRock Manager initiating a purchase of such Securities makes a determination that such Securities are of substantially similar credit quality as guaranteed governmental mortgage pool certificates accompanied by an explicit U.S.

Government guarantee, (b) the ECO (in regular consultation with and under the supervision of the IM) monitors the credit spread between such implicitly and explicitly guaranteed certificates, and (c) each of the ECO and the IM (independently) has the authority and responsibility to determine whether purchases of implicitly guaranteed certificates should not be permitted due to such credit spread, and such authority and responsibility is reflected in the EPPs.

6. For purposes of this Section III.E., Asset-Backed Securities are not Fixed Income Obligations.

7. Special Notice of all of the foregoing conditions for relief under this Section III.E. must be provided in accordance with the terms of Section II.F.

F. *Purchase in an Underwriting and Holding by BlackRock Managers of Asset-Backed Securities, when an MPS is an Underwriter, in the capacity as either a Manager or a Member of the Selling Syndicate, Trustee, or, in the case of Asset-Backed Securities Which Are CMBS, Servicer.* Relief under Section I of this exemption is available for the purchase and holding by BlackRock Managers of Asset-Backed Securities issued in an underwriting where an MPS is (i) An underwriter, in the capacity as either a manager or a member of the selling syndicate, (ii) trustee, or (iii) solely in the case of Asset-Backed Securities which are CMBS, serves as servicer of a trust that issued such CMBS, provided that:

1. The conditions of Section IV.A. are satisfied, except that (a) For purposes of Section IV.A.4.(a), the Asset-Backed Securities at the time of purchase must

be rated in one of the three highest rating categories by a Rating Organization and none of the Rating Organizations may rate the Asset-Backed Securities lower than the third highest rating category, (b) in the case of Asset-Backed Securities which are CMBS and for which the MPS is servicer, the conditions of Section IV.B. are satisfied instead of the conditions of Section IV.A., and (c) if an MPS is an underwriter and an MPS is a servicer as described in clause (b), the conditions of both Section IV.A., as modified by Section III.F.1(a), and Section IV.B. must be satisfied;

2. Such purchase is not made from an MPS;

3. No BlackRock Entity is in the selling syndicate;

4. In the case of Asset-Backed Securities with respect to which an MPS has either an ongoing function, such as trustee, servicer of collateral for CMBS, or the potential for liability, such as under representations or warranties made by an MPS with respect to collateral for CMBS which collateral the MPS originated, the taking of or refraining from taking of any action by a responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the ECO;

5. The purchase meets the conditions of an applicable Underwriter Exemption; and

6. Special Notice of all of the foregoing conditions for relief under this Section III.F. must be provided in accordance with the terms of Section II.F.

G. Purchase and Holding by BlackRock Managers of Equity Securities Issued by an Entity which is not an MPS and is Not a BlackRock Entity, in an Underwriting when an MPS is an Underwriter, in either a Manager or a Member Capacity. Relief under Section I of this exemption is available for the purchase and holding by BlackRock Managers of Equity Securities issued by an entity which is not an MPS and which is not a BlackRock Entity in an underwriting when an MPS is an underwriter, in either a manager or a member capacity, provided that:

1. The conditions of Section IV.A. are satisfied;

2. Such purchase is not made from an MPS;

3. No BlackRock Entity is in the selling syndicate;

4. The Securities are not Asset-Backed Securities; and

5. Special Notice of all of the foregoing conditions for relief under this Section III.G. must be provided in

accordance with the terms of Section II.F.

H. Purchase and Sale by BlackRock Managers of Asset-Backed Securities in the Secondary Market, from or to an MPS, and/or when an MPS is Sponsor, Servicer, Originator, Swap Counterparty, Liquidity Provider, Trustee or Insurer, and the Holding Thereof. Relief under Section I of this exemption is available for a sale of Asset-Backed Securities by a BlackRock Manager to an MPS, or the purchase of Asset-Backed Securities by BlackRock Managers from an MPS and the holding thereof, and/or any such purchase or sale in the secondary market or holding when an MPS is a sponsor, a servicer, an originator, a swap counterparty, a liquidity provider, a trustee or an insurer, provided that:

1. If the Asset-Backed Securities are purchased from or sold to an MPS, the purchase or sale is as a result of the Three Quote Process.

2. Regardless of from whom the BlackRock Manager purchases the Asset-Backed Securities, the purchase and holding of the Asset-Backed Security otherwise meets the conditions of an applicable Underwriter Exemption.

3. Regardless of from whom the BlackRock Manager purchased the Asset-Backed Securities, if an MPS is, with respect to such Asset-Backed Securities, a sponsor, servicer, originator, swap counterparty, liquidity provider, insurer or trustee, as those terms are utilized or defined in the Underwriter Exemptions, and circumstances arise in which the taking of or refraining from taking of any action by the responsible BlackRock Manager could have a material positive or negative effect upon the MPS, the taking of or refraining from taking of any such action is decided upon by the ECO.

I. Repurchase Agreements when MPS is the Seller. Section I of this exemption applies to an investment by a BlackRock Manager of Client Plan assets which involves the purchase or other acquisition, holding, sale, exchange or redemption by or on behalf of a Client Plan of a repurchase agreement (or Securities or other instruments under cover of a repurchase agreement) in which the seller of the underlying Securities or other instruments is an MPS which is a bank supervised by the United States or a State, a broker-dealer registered under the 1934 Act, or a dealer who makes primary markets in Securities of the United States government or any agency thereof, or in banker's acceptances, and reports daily to the Federal Reserve Bank of New York its positions with respect to these

obligations, provided that each of the following conditions are satisfied:

1. The repurchase agreement is embodied in, or is entered into pursuant to a written agreement. Such written agreement must be a standardized industry form; provided, that with the approval of the ECO on or about the date of the Acquisition, written agreements with an MPS that were in effect as of the date of the Acquisition may continue to be used until there is a material modification of the same, at which time standardized industry forms must be adopted;

2. The repurchase agreement has a term of one year or less;

3. The Client Plan receives interest no less than that which it would receive in a comparable arm's length transaction with an unrelated party;

4. The Client Plan receives Securities, banker's acceptances, commercial paper or certificates of deposit having a market value equal to not less than one hundred percent (100%) of the purchase price paid by the Client Plan;

5. Upon expiration of the repurchase agreement and return of the Securities or other instruments to the seller, the seller transfers to the Client Plan an amount equal to the purchase price plus the appropriate interest;

6. Neither the MPS seller nor any MPS which is a member of the same MPS Group has discretionary authority or control with respect to the investment of the Client Plan assets involved in the transaction or renders investment advice (within the meaning of 29 CFR 2510.3-21(c)) with respect to such assets. This Section III.I.6. shall be deemed satisfied notwithstanding the investment of assets of an MPS Plan of the MPS which is the seller under such repurchase agreement in a Pooled Fund as of the date of the Acquisition, which Pooled Fund is a bank-maintained common or collective trust, provided that such assets, when aggregated with the assets of all other MPS Plans of the same MPS Group as that of the MPS seller and invested in such Pooled Fund, at all times since the date of the Acquisition, constitute or are deemed pursuant to Section II.A.3.(b) to constitute less than ten percent (10%) of the assets of such Pooled Fund.

7. The Securities, banker's acceptances, commercial paper or certificates of deposit received by the Client Plan:

(a) could be acquired directly by the Client Plan in a transaction not covered by this Section III.I. without violating ERISA sections 406(a)(1)(E), 406(a)(2) or 407(a); and,

(b) if the Securities are subject to the provisions of the 1933 Act, they are

obligations that are not "restricted securities" within the meaning of Rule 144 under the 1933 Act; provided that such restricted securities are permitted until July 31, 2010.

8. If the market value of the underlying Securities or other instruments falls below the purchase price at any time during the term of the agreement, the Client Plan may, under the written agreement required by Section III.I.1., require the MPS seller to deliver, by the close of business on the following business day (as such term is defined for purposes of the relevant written agreement), additional Securities or other instruments the market value of which, together with the market value of Securities or other instruments previously delivered or sold to the Client Plan under the repurchase agreement, equals at least one hundred percent (100%) of the purchase price paid by the Client Plan.

9. If the MPS seller does not deliver additional Securities or other instruments as required above, the Client Plan may terminate the agreement, and, if upon termination or expiration of the agreement, the amount owing is not paid to the Client Plan, the Client Plan may sell the Securities or other instruments and apply the proceeds against the obligations of the MPS seller under the agreement, and against any expenses associated with the sale.

10. The MPS seller agrees to furnish the Client Plan with the most recent available audited statement of its financial condition as well as its most recent available unaudited statement, agrees to furnish additional audited and unaudited statements of its financial condition as they are issued and either: (a) Agrees that each repurchase agreement transaction pursuant to the agreement shall constitute a representation by the MPS seller that there has been no material adverse change in its financial condition since the date of the last statement furnished that has not been disclosed to the Client Plan with whom such written agreement is made; or (b) prior to each repurchase agreement transaction, the MPS seller represents that, as of the time the transaction is negotiated, there has been no material adverse change in its financial condition since the date of the last statement furnished that has not been disclosed to the Client Plan with whom such written agreement is made.

11. In the event of termination and sale as described in Section III.I.9., the MPS seller pays to the Client Plan the amount of any remaining obligations and expenses not covered by the sale of

the Securities or other instruments, plus interest at a reasonable rate.

12. If an MPS seller involved in a repurchase agreement covered by this exemption fails to comply with any condition of this exemption in the course of engaging in the repurchase agreement, the BlackRock Manager who caused the plan to engage in such repurchase agreement shall not be deemed to have caused the plan to engage in a transaction prohibited by ERISA sections 406(a)(1)(A) through (D) or ERISA section 406(b), Code section 4975, or FERSA section 8477(c) solely by reason of the MPS seller's failure to comply with the conditions of the exemption.

13. In the event of any dispute between a BlackRock Manager and an MPS seller involving a Covered Transaction under this Section III.I., the IM has the responsibility to decide whether, and if so how, BlackRock is to pursue relief on behalf of the Client Plan(s) against the MPS Seller.

14. At time of entry into or renewal of each Covered Transaction under this Section III.I., including both term repurchase transactions and daily renewals for "open" or "overnight" transactions, either (a) each Covered Transaction under this Section III.I., is as a result of the Three Quote Process, or, (b) the BlackRock Manager determines that the yield on the proposed transaction, or the renewal thereof, is at least as favorable to the Client Plans as the yield of the Client Plan on two (2) other available transactions which are comparable in terms of size, collateral type, credit quality of the counterparty, term and rate. The methodology employed for purposes of the comparison in (b) above must (c) be approved in advance by the ECO Function and (d), to the extent possible, refer to objective external data points, such as the Eurodollar overnight time deposit bid rate, the rate for repurchase agreements with U.S. government Securities, or rates for commercial paper issuances or agency discount note issuances sourced from Bloomberg, or another third party pricing service or market data provider (which providers may use different terminology to refer to these same external data points). The applicable BlackRock Manager must record a description of the comparable transactions, if reliance is placed upon same, and such data must be periodically reviewed by the ECO Function. The procedures described in this Section III.I.14. must be designed to ensure that BlackRock Managers determine to only enter into Covered Transactions with MPS sellers which

are in the interests of Plan Clients, and such procedures must be reviewed and may be commented on by the IM.

J. *Responding to Tender Offers and Exchange Offers Solicited by an MPS.* Relief under Section I of this exemption is available for participation by BlackRock Managers on behalf of Client Plans in tender offers or exchange offers or similar transactions where an MPS acts as agent for the entity (which entity may not be an MPS) making the offer, provided that:

1. The Client Plan pays no fees to the MPS in connection with this Covered Transaction;

2. The BlackRock Manager submits to the ECO in advance of participation a written explanation of the reasons for such participation; and

3. The ECO Function determines that the reasons for participation by the BlackRock Manager in the Covered Transaction are appropriate from the vantage point of the Client Plans. Effective as of October 1, 2010, the ECO Function must affirmatively make this determination in writing prior to the BlackRock Manager participating in the Covered Transactions under this Section III.J.

K. *Purchase in Underwritings of Securities Issued by an Entity which is not an MPS when the Proceeds are Used to Repay a Debt to an MPS.* Relief under Section I of this exemption is available for the purchase by BlackRock Managers of Securities in underwritings issued by an entity which is not an MPS, but where the proceeds of the offering are used to repay a debt owed to an MPS, and the payment of such proceeds to the MPS, provided that the BlackRock Manager does not know that the proceeds will be applied to the repayment of debt owed to an MPS. If the BlackRock Manager does know that proceeds of the offering will be applied to the repayment of debt owed to an MPS, the purchase of the Securities and the payment of the proceeds to the MPS are exempt under Section I of this exemption provided that no more than twenty percent (20%) of the offering is purchased by BlackRock Managers for Client Plans, and no more than fifty percent (50%) of the offering in the aggregate is purchased by BlackRock, BlackRock Managers and other BlackRock Entities for Client Plans, other clients of BlackRock Managers, or as proprietary investments.

L. *Bank Deposits and Commercial Paper.* Relief under Section I of this exemption is available for an investment by a BlackRock Manager of Client Plan assets which involves the purchase or other acquisition, holding, sale, exchange or redemption by or on behalf

of a Client Plan of certificates of deposit, time deposits or other bank deposits at an MPS, or in commercial paper issued by an MPS, provided that:

1. With respect to bank deposits, either:

(a)(i) The bank is supervised by the United States or a State, and at the outset of the Covered Transaction or renewal thereof of, such bank has a credit rating in one of the top two (2) categories by at least one of the Rating Organizations; (ii) neither the bank nor an affiliate of the bank has discretionary authority or control with respect to the investment of Client Plan assets involved in the Covered Transaction or renders investment advice (within the meaning of 29 CFR 2510.3–21(c)) with respect to those assets; and (iii) such deposit bears a reasonable interest rate, or—

(b) the BlackRock Manager and the MPS comply with ERISA section 408(b)(4).

2. With respect to commercial paper:

(a) the Client Plan is not an MPS Plan of the MPS issuing the commercial paper;

(b) the commercial paper has a stated maturity date of nine (9) months or less from the date of issue, exclusive of days of grace, or is a renewal of an issue of commercial paper the maturity of which is likewise limited;

(c) neither the MPS issuer of the commercial paper, any MPS guarantor of the commercial paper, nor any member of the same MPS Group as such MPS issuer or guarantor has discretionary authority or control with respect to the investment of the Client Plan assets involved in the Covered Transaction or renders investment advice (within the meaning of 29 CFR 2510.3–21(c)) with respect to those assets; and

(d) at the time it is acquired, the commercial paper is ranked in one of the two (2) highest rating categories by at least one of the Rating Organizations.

3. For purposes of the Covered Transactions set forth in this Section III.L.:

(a) No BlackRock Entity shall be regarded as an affiliate of an MPS bank at which a deposit is made of Client Plan assets, nor of an MPS issuer of commercial paper in which a BlackRock Manager invests Client Plan assets, and

(b) Section III.L.1.(a)(ii) and Sections III.L.2.(a) and (c) shall be deemed satisfied notwithstanding the investment of assets of an MPS Plan of the MPS which is the depository bank or issuer of commercial paper in a Pooled Fund as of the date of the Acquisition, which Pooled Fund is a bank-maintained common or collective

trust, provided that such assets when aggregated with the assets of all other MPS Plans of the same MPS Group as the issuer of such asset and invested in such Pooled Fund, at all times since the date of the Acquisition, constitute or are deemed pursuant to Section II.A.3.(b) to constitute less than ten percent (10%) of such Pooled Fund.

M. Securities Lending to an MPS.

1. Relief under Section I of this exemption is available for:

(a) the lending of Securities by a BlackRock Manager that are assets of a Client Plan to an MPS which is a U.S. Broker-Dealer or a U.S. Bank provided that the conditions set forth in Section III.M.2. are met;

(b) the lending of Securities by a BlackRock Manager that are assets of a Client Plan to an MPS which is a Foreign Broker-Dealer or Foreign Bank; provided that, the conditions set forth in Section III.M.2. and Section III.M.3. below are met; and

(c) the payment to a BlackRock Manager of compensation for services rendered in connection with loans of Client Plan assets that are Securities to an MPS; provided that, the conditions set forth in Section III.M.4. below are met.

2. General Conditions for Transactions Described in Sections III.M.1.(a) and (b).

(a) The length of a Securities loan to an MPS does not exceed one year in term.

(b) Neither the MPS borrower nor any MPS which is a member of the same MPS Group as the MPS borrower has or exercises discretionary authority or control with respect to the investment of the Client Plan assets involved in the transaction, or renders investment advice (within the meaning of 29 CFR 2510.3–21(c)) with respect to those assets. This Section III.M.2.(b) shall be deemed satisfied notwithstanding the investment of the assets of an MPS Plan of the MPS which is the borrower under such Securities lending transaction in a Pooled Fund as of the date of the Acquisition, which Pooled Fund is a bank-maintained common or collective trust, provided that such assets when aggregated with the assets of all other MPS Plans of the same MPS Group as that of the MPS borrower and invested in such Pooled Fund, at all times since the date of the Acquisition, constitute or are deemed pursuant to Section II.A.3.(b) to constitute less than ten percent (10%) of the assets of such Pooled Fund.

(c) The Client Plan receives from the MPS borrower by the close of the BlackRock Manager's business on the

day in which the Securities lent are delivered to the MPS,

(i) U.S. Collateral having, as of the close of business on the preceding business day, a market value, or, in the case of bank letters of credit, a stated amount, equal to not less than one hundred percent (100%) of the then market value of the Securities lent; or

(ii) Foreign Collateral having as of the close of business on the preceding business day, a market value, or, in the case of bank letters of credit, a stated amount, equal to not less than:

(x) one hundred two percent (102%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System on which the Securities are primarily traded if the collateral posted is denominated in the same currency as the Securities lent, or

(y) one hundred five percent (105%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System on which the Securities are primarily traded if the collateral posted is denominated in a different currency than the Securities lent.

(d) Notwithstanding the foregoing, if the BlackRock Manager is a U.S. Bank, a Registered Investment Advisor, or U.S. Broker-Dealer, and such BlackRock Manager indemnifies the Client Plan with respect to the difference, if any, between the replacement cost of the borrowed Securities and the market value of the collateral on the date of a borrower default, the Client Plan receives from the MPS borrower by the close of the BlackRock Manager's business on the day in which the Securities lent are delivered to the borrower, Foreign Collateral having as of the close of business on the preceding business day, a market value, or, in the case of bank letters of credit, a stated amount, equal to not less than:

(i) One hundred percent (100%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System on which the Securities are primarily traded if the collateral posted is denominated in the same currency as the Securities lent; or

(ii) one hundred one percent (101%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System on which the Securities are primarily traded if the collateral posted is denominated in a different currency than the Securities lent and such currency is denominated in Euros, British pounds, Japanese yen, Swiss francs or Canadian dollars; or

(iii) one hundred five percent (105%) of the then market value of the Securities lent as valued on a Recognized Securities Exchange or an Automated Trading System if the collateral posted is denominated in a different currency than the Securities lent and such currency is other than those specified above.

(e)(i) If the MPS borrower is a U.S. Bank or U.S. Broker-Dealer, the Client Plan receives such U.S. Collateral or Foreign Collateral from the MPS borrower by the close of the BlackRock Manager's business on the day in which the Securities are delivered to the MPS borrower. Such collateral is received by the Client Plan either by physical delivery, wire transfer or by book entry in a Securities depository located in the United States, or,

(ii) If the MPS borrower is a Foreign Bank or Foreign Broker-Dealer, the Client Plan receives U.S. Collateral or Foreign Collateral from the MPS borrower by the close of the BlackRock Manager's business on the day in which the Securities are delivered to the borrower. Such collateral is received by the Client Plan either by physical delivery, wire transfer or by book entry in a Securities depository located in the United States or held on behalf of the Client Plan at an Eligible Securities Depository. The indicia of ownership of such collateral shall be maintained in accordance with section 404(b) of ERISA and 29 CFR 2550.404b-1.

(f) Prior to making of any such loan, the MPS borrower shall have furnished the BlackRock Manager with:

(i) The most recent available audited statement of the MPS borrower's financial condition, as audited by a United States certified public accounting firm or in the case of an MPS borrower that is a Foreign Broker-Dealer or Foreign Bank, a firm which is eligible or authorized to issue audited financial statements in conformity with accounting principles generally accepted in the primary jurisdiction that governs the borrowing MPS Foreign Broker-Dealer or Foreign Bank;

(ii) The most recent available unaudited statement of its financial condition (if the unaudited statement is more recent than such audited financial statement); and

(iii) a representation that, at the time the loan is negotiated, there has been no material adverse change in its financial condition since the date of the most recent financial statement furnished to the BlackRock Manager that has not been disclosed to the BlackRock Manager. Such representations may be made by the MPS borrower's agreement that each loan shall constitute a

representation by the MPS borrower that there has been no such material adverse change.

(g) The loan is made pursuant to a written loan agreement, the terms of which are at least as favorable to the Client Plan as an arm's-length transaction with an unrelated party would be. Such loan agreement states that the Client Plan has a continuing security interest in, title to, or the rights of secured creditor with respect to the collateral. Such agreement may be in the form of a master agreement covering a series of Securities lending transactions.

(h) The written loan agreement must be a standardized industry form; provided, that, with the approval of the ECO on or about the date of the Acquisition, written loan agreements with an MPS borrower that were in effect as of the date of the Acquisition may continue to be used until there is a material modification of the same, at which time standardized industry forms must be adopted.

(i) In return for lending Securities, the Client Plan:

(i) receives a reasonable fee (in connection with the Securities lending transaction), and/or

(ii) has the opportunity to derive compensation through the investment of the currency collateral. Where the Client Plan has that opportunity, the Client Plan may pay a loan rebate or similar fee to the MPS borrower, if such fee is not greater than the Client Plan would pay in a comparable transaction with an unrelated party.

(j) All fees and other consideration received by the Client Plan in connection with the loan of Securities are reasonable. The identity of the currency in which the payment of fees and rebates will be made is set forth either in the written loan agreement or the loan confirmation as agreed to by the MPS borrower and the BlackRock Manager prior to the making of the loan.

(i) Pricing of a loan to an MPS borrower is based on (i) rates for comparable loans of the same Security to non-MPS borrowers and (ii) third-party market data:

(x) For loans of liquid Securities (sometimes referred to as general collateral loans), an automatic system may be used to price loans so long as the resulting rate the Client Plan receives from the MPS borrower is at least as favorable to the Client Plan as the rate the BlackRock Managers are receiving for Client Plans or other clients from non-MPS borrowers of the same Security;

(y) For purposes of pricing loans of less liquid Securities (sometimes referred to as "special loans"), and for

purposes of determining whether to terminate or continue a loan which does not have a set term, pricing may also be based on a BlackRock trader determination that continuing the loan is in the interest of the Client Plan based on all relevant factors, including price (provided that price is within the range of prices of other loans of the same Security to comparable non-MPS borrowers by BlackRock Managers for Client Plans or other clients) and potential adverse consequences to the Client Plan of terminating the loan, provided that the pricing data used in making these decisions is retained and made available for possible review by the ECO.

(ii) Automatic pricing mechanisms and pricing decisions by traders are subject to ongoing periodic review by the ECO Function, and the results of such review are included in reports by the ECO to the IM. Specifically, the quarterly reports by the ECO to the IM must address the lending patterns of:

(x) illiquid Securities to the MPS borrowers from all Client Plans, including the percentage that loans of such Securities to the MPSs represent of all loans of such Securities from all Client Plans; and

(y) illiquid Securities to the MPS borrowers from all Other Accounts or Funds, including the percentage that loans of such Securities to the MPSs represent of all loans of such Securities from all Other Accounts or Funds.

(k) The Client Plan receives the equivalent of all distributions made to holders of the borrowed Securities during the term of the loan including, but not limited to, dividends, interest payments, shares of stock as a result of stock splits and rights to purchase additional Securities;

(l) If the market value of the collateral at the close of trading on a business day is less than the applicable percentage of the market value of the borrowed Securities at the close of trading on that day (as described in this Section III.M.2.(c) of this exemption), then the MPS borrower shall deliver, by the close of business on the following business day, an additional amount of U.S. Collateral or Foreign Collateral the market value of which, together with the market value of all previously delivered collateral, equals at least the applicable percentage of the market value of all the borrowed Securities as of such preceding day.

Notwithstanding the foregoing, part of the U.S. Collateral or Foreign Collateral may be returned to the MPS borrower if the market value of the collateral exceeds the applicable percentage (described in this Section III.M.2.(c) of

this exemption) of the market value of the borrowed Securities, as long as the market value of the remaining U.S. Collateral or Foreign Collateral equals at least the applicable percentage of the market value of the borrowed Securities.

(m) The loan may be terminated by the Client Plan at any time, whereupon the MPS borrower shall deliver certificates for Securities identical to the borrowed Securities (or the equivalent thereof in the event of reorganization, recapitalization or merger of the issuer of the borrowed Securities) to the Client Plan within the lesser of:

(i) The customary delivery period for such Securities,

(ii) five business days, or

(iii) the time negotiated for such delivery by the BlackRock Manager for the Client Plan, and the borrower.

(n) In the event that the loan is terminated, and the MPS borrower fails to return the borrowed Securities or the equivalent thereof within the applicable time described in Section III.M.2(m), the BlackRock Manager for the Client Plan may, under the terms of the loan agreement:

(i) Purchase Securities identical to the borrowed Securities (or their equivalent as described above) and may apply the collateral to the payment of the purchase price, any other obligations of the borrower under the agreement, and any expenses associated with the sale and/or purchase, and

(ii) the MPS borrower is obligated, under the terms of the loan agreement, to pay, and does pay to the Client Plan the amount of any remaining obligations and expenses not covered by the collateral, including reasonable attorney's fees incurred by the Client Plan for legal action arising out of default on the loans, plus interest at a reasonable rate.

Notwithstanding the foregoing, the MPS borrower may, in the event the MPS borrower fails to return borrowed Securities as described above, replace collateral, other than U.S. currency, with an amount of U.S. currency that is not less than the then current market value of the collateral, provided such replacement is approved by the BlackRock Manager.

(o) If the MPS borrower fails to comply with any provision of a loan agreement which requires compliance with this exemption, the BlackRock Manager who caused the Client Plan to engage in such transaction shall not be deemed to have caused the Client Plan to engage in a transaction prohibited by ERISA sections 406(a)(1)(A) through (D) or ERISA section 406(b) or FERSA section 8477(c) solely by reason of the

borrower's failure to comply with the conditions of the exemption.

(p) If the Securities being loaned to an MPS borrower are managed in an Index Account or Fund, or a Model-Driven Account or Fund where the Index or the Model are created or maintained by the MPS borrower, the ECO Function periodically performs a review, no less than quarterly, of the use of such MPS-sponsored Index or Model, and the Securities loaned from such an account or fund to the MPS, which review is designed to enable a reasonable judgment as to whether the use of such Index or Model, or any changes thereto, were for the purpose of benefitting BlackRock or the MPS through the Securities lending activity described in this Section III.M. If the ECO forms a reasonable judgment that the use of such Index or Model, or any changes thereto, were for the purpose of benefitting BlackRock or the MPS, the ECO shall promptly inform the IM.

(q) In the event of any dispute between the BlackRock Manager on behalf of a Client Plan and an MPS borrower involving a Covered Transaction under this Section III.M., the IM shall decide whether, and if so, how the BlackRock Manager is to pursue relief on behalf of the Client Plan(s) against the MPS borrower.

(r) If the Securities being loaned to an MPS borrower are managed in an Other Account or Fund, the employees of the BlackRock Manager who exercise discretionary authority or control over the Other Account or Fund shall not have access to the information regarding whether the particular Securities are on loan to an MPS, with such access limitations imposed on or about September 30, 2010, and implemented through the EPPs on or about September 30, 2010.

3. Specific Conditions for Transactions Described in Section III.M.1.(b).

(a) The BlackRock Manager maintains the written documentation for the loan agreement at a site within the jurisdiction of the courts of the United States.

(b) Prior to entering into a transaction involving an MPS Foreign Broker-Dealer that is described in Section VI.KK.(1) or (2) or an MPS Foreign Bank that is described in Section VI.JJ.(1) either:

(i) The MPS Foreign Broker-Dealer or Foreign Bank agrees to submit to the jurisdiction of the United States; agrees to appoint an agent for service of process in the United States, which may be an affiliate; consents to service of process on such agent; and agrees that any enforcement by a Client Plan of its rights under the Securities lending

agreement will, as the option of the Client Plan, occur exclusively in the United States courts; or

(ii) the BlackRock Manager, if a U.S. Bank, a Registered Investment Advisor, or U.S. Broker-Dealer, agrees to indemnify the Client Plan with respect to the difference, if any, between the replacement cost of the borrowed Securities and the market value of the collateral on the date of an MPS borrower default plus interest and any transaction costs incurred (including attorney's fees of such Client Plan arising out of the default on the loans or the failure to indemnify properly under this provision) which the Client Plan may incur or suffer directly arising out of a borrower default by the MPS Foreign Broker-Dealer or Foreign Bank.

(c) In the case of a Securities lending transaction involving an MPS Foreign Broker-Dealer that is described in Section VI.KK.(3) or an MPS Foreign Bank that is described in Section VI.JJ.(2), the BlackRock Manager must be a U.S. Bank, a Registered Investment Advisor, or U.S. Broker-Dealer, and prior to entering into the loan transaction, such BlackRock Manager must agree to indemnify the Client Plan with respect to the difference, if any, between the replacement cost of the borrowed Securities and the market value of the collateral on the date of an MPS borrower default plus interest and any transaction costs incurred (including attorney's fees of such plan arising out of the default on the loans or the failure to indemnify properly under this provision) which the Client Plan may incur or suffer directly arising out of a borrower default by the MPS Foreign Broker-Dealer or Foreign Bank.

4. Specific Conditions for Transactions Described in Section III.M.1.(c):

(a) The loan of Securities is not prohibited by section 406(a) of ERISA or otherwise satisfies the conditions of this exemption.

(b) The BlackRock Manager is authorized to engage in Securities lending transactions on behalf of the Client Plan.

(c) The compensation, the terms of which are at least as favorable to the Client Plan as an arm's length transaction with an unrelated party, is reasonable and is paid in accordance with the terms of a written instrument, which may be in the form of a master agreement covering a series of Securities lending transactions.

(d) Except as otherwise provided in Section III.M.4.(f), the arrangement under which the compensation is paid:

(i) Is subject to the prior written authorization of a fiduciary of a Client

Plan (the authorizing fiduciary), who is (other than in the case of an In-House Plan) independent of the BlackRock Manager, provided that for purposes of this Section III.M.4.(d) a fiduciary of an MPS Plan acting as the authorizing fiduciary shall be deemed independent of the BlackRock Manager so long as such fiduciary, as of the date of the authorization, is not a BlackRock Entity, and

(ii) may be terminated by the authorizing fiduciary within:

(x) the time negotiated for such notice of termination by the Client Plan and the BlackRock Manager, or

(y) five business days, whichever is less, in either case without penalty to the Client Plan.

(e) No such authorization is made or renewed unless the BlackRock Manager shall have furnished the authorizing fiduciary with any reasonably available information which the BlackRock Manager reasonably believes to be necessary to determine whether such authorization should be made or renewed, and any other reasonably available information regarding the matter that the authorizing fiduciary may reasonably request.

(f) Special Rule for Commingled Investment Funds. In the case of a pooled separate account maintained by an insurance company qualified to do business in a State or a common or collective trust fund maintained by a bank or trust company supervised by a State or Federal agency, the requirements of Section III.M.4.(d) of this exemption shall not apply, provided that:

(i) The information described in Section III.M.4.(e) (including information with respect to any material change in the arrangement) shall be furnished by the BlackRock Manager to the authorizing fiduciary described in Section III.M.4.(d) with respect to each Client Plan whose assets are invested in the account or fund, not less than 30 days prior to implementation of the arrangement or material change thereto, and, where requested, upon the reasonable request of the authorizing fiduciary;

(ii) in the event any such authorizing fiduciary submits a notice in writing to the BlackRock Manager objecting to the implementation of, material change in, or continuation of the arrangement, the Client Plan on whose behalf the objection was tendered is given the opportunity to terminate its investment in the account or fund, without penalty to the Client Plan, within such time as may be necessary to effect such withdrawal in an orderly manner that is equitable to all withdrawing plans and

to the non-withdrawing plans. In the case of a Client Plan that elects to withdraw pursuant to the foregoing, such withdrawal shall be effected prior to the implementation of, or material change in, the arrangement; but an existing arrangement need not be discontinued by reason of a Client Plan electing to withdraw; and

(iii) in the case of a Client Plan whose assets are proposed to be invested in the account or fund subsequent to the implementation of the compensation arrangement and which has not authorized the arrangement in the manner described in Sections III.M.4.(f)(i) and (ii), the Client Plan's investment in the account or fund shall be authorized in the manner described in Section III.M.4.(d)(i).

N. *To-Be-Announced Trades (TBAs) of GNMA, FHLMC or FNMA Mortgage-Backed Securities with an MPS Counterparty.* Relief under Section I of this exemption is available for trades (purchases and sales) on a principal basis of mortgage-backed Securities issued by FHLMC, FNMA or guaranteed by GNMA and meeting the definition of "guaranteed governmental mortgage pool certificate" in 29 CFR 2510.3-101(i) with an MPS on a TBA basis, including, when applicable, delivery of the underlying Securities to a Client Plan, provided that:

1. The Covered Transactions under this Section III.N. are a result of the Three Quote Process; provided that, solely for purposes of this Section III.N.1., firm quotes under the Three Quote Process may also include firm quotes obtained on comparable Securities, as described below, when firm quotes with respect to the applicable TBA transactions are not reasonably attainable.

2. With regard to purchases of FHLMC and FNMA mortgage-backed Securities on a TBA basis, (i) The BlackRock Manager makes a determination that such Securities are of substantially similar credit quality as GNMA guaranteed governmental mortgage pool certificates, (ii) the ECO (in regular consultation with and under the supervision of the IM) monitors the credit spread between GNMA and FHLMC/FNMA mortgage-backed Securities, and (iii) each of the ECO and the IM (independently) has the authority and responsibility to determine whether purchases of FHLMC and/or FNMA mortgage-backed Securities on a TBA basis should not be permitted due to such credit spread, and such authority and responsibility is reflected in the EPPs.

3. With regard to possible delivery of underlying Securities to Client Plans, as

opposed to cash settlement, the ECO Function approves any such delivery in advance.

For purposes of Section III.N.1., "comparable Securities" are Securities that: (a) Are issued and/or guaranteed by the same agency, (b) have the same coupon, (c) have a principal amount at least equal to but no more than two percent (2%) greater than the Security purchased or sold, (d) are of the same program or class, and (e) either (i) Have an aggregate weighted average monthly maturity within a 12-month variance of the Security purchased or sold, but in no case can the variance be more than ten percent (10%) of such aggregate weighted average maturity of the Securities purchased or sold, or (ii) meet some other comparable objective standard containing a range of variance that is no greater than that described in (i) above and that assures that the aging of the Securities is properly taken into account.

O. *Foreign Exchange Transactions with an MPS Counterparty.* Relief under Section I of this exemption is available for a Foreign Exchange Transaction by a BlackRock Manager on behalf of Client Plans with an MPS as counterparty provided that:

1. (a) The Foreign Exchange Transaction is as a result of the Three Quote Process; or (b) the total net amount of the Foreign Exchange Transaction on behalf of Client Plans by BlackRock Managers is greater than \$1 million and the exchange rate is within 0.5% above or below the Interbank Rate as represented to the BlackRock Managers by the MPS;

2. Foreign Exchange Transactions with an MPS counterparty only involve currencies of countries that are classified as "developed" or "emerging" markets by a third party Index provider that divides national economies into "developed," "emerging" and "frontier" markets. The Index provider shall be selected by BlackRock, provided, however, the IM shall have the right to reject the Index provider in its sole discretion at any time; and

3. Each Foreign Exchange Transaction complying with Section III.O.1.(b) must be set forth in the applicable quarterly reports of the ECO to the IM.

P. *Agency Execution of Equity and Fixed Income Securities Trades and Related Clearing as Described in PTE 86-128, Including Agency Cross Trades, When the Broker is an MPS.* Relief under Section I of this exemption is available for transactions in Securities described in Section II of Prohibited Transaction Exemption 86-128, as

amended²² (PTE 86–18), as if BlackRock Managers and MPS broker-dealers were “affiliates” as defined in Section I.(b) of PTE 86–128, provided the following conditions are satisfied:

1. The MPS is selected to perform Securities brokerage services for Client Plans pursuant to the normal brokerage placement practices, policies and procedures of the BlackRock Manager designed to ensure best execution.

2. The conditions of PTE 86–128 set forth in the following sections of that exemption must be complied with: Section III(e); Section III(f); Section III(g)(2); and Section III(h); provided, however, that, for purposes of Section III(e), Section III(f) and Section III(g)(2) of PTE 86–128, the ECO Function is the “authorizing fiduciary” referred to therein; and the ECO has the authority to terminate the use of the MPS as broker-dealer without penalty to Client Plans at any time; and provided further that the first sentence of Section III(h) of PTE 86–128 is amended for purposes of this Section III.P.2. to provide as follows: “A trustee [other than a nondiscretionary trustee] may only engage in a covered transaction with a plan that has total net assets with a value of at least \$50 million and in the case of a pooled fund, the \$50 million requirement will be met if fifty percent (50%) or more of the units of beneficial interest in such pooled fund are held by investors having total net assets with a value of at least \$50 million.”

3. With respect to agency cross transactions described in Section III(g) of PTE 86–128 that are being effected or executed by an MPS broker, (i) Neither the MPS broker effecting or executing the agency cross transaction nor any member of the same MPS Group as the MPS broker effecting or executing the agency cross transaction may have discretionary authority to act on behalf of, and/or provide investment advice to another party to the agency cross transaction which is a seller when the Client Plan is a buyer, or which is a buyer, when the Client Plan is a seller (Another Party), and (ii), the BlackRock Manager instituting the transaction for the Client Plan must not have knowledge that a BlackRock Entity has discretionary authority and/or provides investment advice to Another Party to the agency cross transaction.

4. The exceptions in Sections IV(a), (b), and (c) of PTE 86–128 are applicable to this exemption.

5. Notwithstanding the other conditions of this Section III.P., with respect to Client Plans which as of the

date of the Acquisition had in place with BlackRock Managers either directed brokerage and/or wrap fee arrangements which required the BlackRock Managers to use an MPS as a Securities broker, BlackRock Managers may continue to use that MPS as the Securities broker for such Client Plans under the brokerage procedures in place as of the date of the Acquisition; provided that a list of all of such arrangements has been provided to the ECO and no material changes are made to such arrangements.

Q. *Use by BlackRock Managers of Exchanges and Automated Trading Systems on Behalf of Client Plans.* Relief under Section I of this exemption is available for the direct or indirect use by, or directing of trades to, U.S. and non-U.S. exchanges or U.S. Automated Trading Systems (ATS) in which one or more MPSs have an ownership interest by BlackRock Managers for Client Plans, provided that:

1. Prior to January 1, 2011,

(a) No single MPS (together with other members of the same MPS Group) has a greater than twenty percent (20%) ownership interest in the exchange or the ATS; and

(b) the ECO does not make a determination, summarized in the ECO quarterly report, that a BlackRock Manager or all BlackRock Managers must discontinue such direct or indirect use of or the directing of trades to any such exchange or ATS on the basis that either the amount of use or the volume of trades is unwarranted or not in the interests of the Client Plans and their participants and beneficiaries.

2. Effective on and after January 1, 2011, either

(a) No one MPS (together with other members of the same MPS Group) has (i) A greater than ten percent (10%) ownership interest in the exchange or ATS or (ii) the BlackRock Managers do not know the level of such ownership interest; or

(b) if a BlackRock Manager knows that an MPS (together with other members of the same MPS Group) has an ownership interest that is greater than ten percent (10%) but not greater than twenty percent (20%) in the exchange or ATS,

(i) The ECO makes a determination, summarized in the ECO quarterly report, that there is no reason for a BlackRock Manager or all BlackRock Managers to discontinue such direct or indirect use of or the directing of trades to any such exchange or ATS on the basis that the amount of use or the volume of trades is unwarranted or not in the interests of the Client Plans and their participants and beneficiaries, and does not make a determination that a

BlackRock Manager or all BlackRock Managers must discontinue such direct or indirect use of or the directing of trades to any such exchange or ATS on the basis that the amount of use or the volume of trades is unwarranted or not in the interests of the Client Plans and their participants and beneficiaries. The IM may request any additional information relating to any such determination summarized in the ECO quarterly report and may, after consultation with the ECO, make a determination that a BlackRock Manager or all BlackRock Managers must discontinue such direct or indirect use of or the directing of trades to any such exchange or ATS on the basis that the amount of use or the volume of trades is unwarranted or not in the interests of the Client Plans and their participants and beneficiaries;

(ii) the price and compensation associated with any purchases or sales utilizing such exchange or ATS are not greater than the price and compensation associated with an arm’s length transaction with an unrelated party;

(iii) all such exchanges and ATSs shall be situated within the jurisdiction of the U.S. District Courts and regulated by a U.S. Federal regulatory body or a U.S. federally approved self-regulatory body, provided that this condition shall not apply to the direct or indirect use of or the directing of trades to an exchange in a country other than the United States which is regulated by a government regulator or a government approved self-regulatory body in such country and which involves trading in Securities (including the lending of Securities) or futures contracts; and

(iv) Special Notice of all of the foregoing conditions for relief under this Section II.Q.2.(b) must be provided in accordance with the terms of Section II.F.

R. *Purchases in the Secondary Market of Common and Preferred Stock Issued by an MPS by BlackRock Managers for Client Plans Invested in an Index Account or Fund, or a Model-Driven Account or Fund.* Relief under Section I of this exemption is available for the purchase in the secondary market of common or preferred stock issued by an MPS by BlackRock Managers for Client Plans invested in an Index Account or Fund, or a Model-Driven Account or Fund provided that:

1. Such purchase is for the sole purpose of maintaining quantitative conformity with the weight of such Securities prescribed by the relevant Index, for Index Accounts or Funds, or the weight of such Securities prescribed by the relevant Model, for Model-Driven Accounts or Funds, and such purchase

²² 51 FR 41686 (Nov. 18, 1986), as amended, 67 FR 64137 (Oct. 17, 2002).

is reasonably calculated not to exceed the purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount.

2. Such purchase is not made from the issuing MPS.

3. Notwithstanding Section III.R.2.,

(a) With respect to Client Plans which as of the date of the Acquisition had in place with a BlackRock Manager either a directed brokerage and/or wrap fee arrangement which required the BlackRock Manager to use a certain MPS as a Securities broker, the BlackRock Manager may purchase MPS common or preferred stock through such MPS, including, if applicable, the issuing MPS, acting as agent under the brokerage arrangement in place as of the date of the Acquisition; provided that, a list of all of such arrangements has been provided to the ECO and no material changes are made to such arrangements. Special Notice of all of the foregoing conditions for relief under this Section III.R. must be provided in accordance with the terms of Section II.F.

(b) BlackRock Managers may rely on other exemptive relief when acquiring stock of an MPS for Client Plans through an MPS broker, including the issuing MPS.

S. Purchase in the Secondary Market of Common and Preferred Stock Issued by an MPS by BlackRock Managers for Client Plans Invested in an Other Account or Fund. Relief under Section I of this exemption is available for the purchase in the secondary market of common or preferred stock issued by an MPS by BlackRock Managers for Client Plans invested in an Other Account or Fund provided that:

1. Such purchase is not made from the issuing MPS.

2. Notwithstanding Section III.S.1.,

(a) With respect to Client Plans which as of the date of the Acquisition had in place with a BlackRock Manager either a directed brokerage and/or wrap fee arrangement which required the BlackRock Manager to use a certain MPS as a Securities broker, the BlackRock Manager may purchase MPS common or preferred stock through such MPS, including if applicable, the issuing MPS, acting as agent under the brokerage arrangements in place as of the date of the Acquisition; provided that, a list of all of such arrangements has been provided to the ECO and no material changes are made to such arrangements. Special Notice of all of the foregoing conditions for relief under this Section III.S. must be provided in accordance with the terms of Section II.F.

(b) BlackRock Managers may rely on other exemptive relief when acquiring

stock of an MPS for Client Plans under this Section III.S. through an MPS broker, including the issuing MPS.

3. With respect to Client Plans described in Section III.S.2.(a), the ECO Function periodically monitors purchases of MPS stock for such Client Plans to ensure that the amount of stock of an MPS purchased for such Client Plans is not disproportionate to the amount of such stock of the same MPS purchased for Client Plans invested in Other Accounts or Funds not subject to directed brokerage and/or wrap fee arrangements and described in Section III.S.2.(a).

4. As a consequence of a purchase of MPS stock, the class of stock purchased does not constitute more than five percent (5%) of the Other Account or Fund. In the case of a Pooled Fund, the class of stock purchased and attributed to each Client Plan does not exceed five percent (5%) of such Client Plan's proportionate interest in the Pooled Fund.

5. Aggregate daily purchases of a class of MPS stock for Client Plans do not exceed the greater of (i) Fifteen percent (15%) of the aggregate average daily trading volume (ADTV) for the previous ten (10) trading days, or (ii) fifteen percent (15%) of trading volume on the date of the purchase. These volume limitations must be met on a portfolio manager by portfolio manager basis unless purchases are coordinated among portfolio managers, in which case the limitations are applied to the coordinated purchase.²³ Any coordinated purchases of the same class of MPS stock in the secondary market for Index Accounts or Funds or for Model-Driven Accounts or Funds must be taken into account when applying these ADTV limitations on purchases for an Other Account or Fund; provided, however, if coordinated purchases for Index Accounts or Funds, or for Model-Driven Accounts or Funds, would cause the fifteen percent (15%) limitation to be exceeded, BlackRock Managers can nonetheless acquire for Other Accounts or Funds up to the greater of five percent (5%) of ADTV for the previous ten (10) trading days or five percent (5%) of trading volume on the day of the Covered Transaction. For purposes of this Section III.S.5., cross trades of MPS equity Securities which comply with an

²³ For example, if two or more portfolio managers send their purchase orders to the same trading desk and the traders on that trading desk coordinate the purchases of the same MPS equity Securities, the limitations apply to the trading desk; if two or more portfolio managers or two or more trading desks are coordinating purchases of MPS equity Securities, the limitations are applied across the group of portfolio managers or traders who are coordinating the purchase orders.

applicable statutory or administrative prohibited transaction exemption are not taken into account.

6. The ECO Function monitors the volume limits on purchases of MPS stock described in Section III.S.5. and provides a monthly report to the IM with respect to such purchases and limits. The IM shall impose lower volume limitations and take other appropriate action with respect to such purchases if the IM determines on the basis of these reports by the ECO and publicly available information materially related to the trading of the Securities of an MPS on its primary listing exchange (or market) that the purchases described have a material positive impact on the market price for such Securities.

T. The Provision of Custodial, Administrative and Similar Ministerial Services by an MPS for a Client Plan as a Consequence of a BlackRock Manager Exercising Investment Discretion on Behalf of the Client Plan or Rendering Investment Advice to the Client Plan. Relief under Section I of this exemption is available for the provision of custodial, administrative and similar ministerial services by an MPS for a Client Plan as a consequence of a BlackRock Manager exercising investment discretion or rendering investment advice (in each case, within the meaning of ERISA section 3(21)(A)) for or to such Client Plan, provided that (1) the terms of such service are comparable to those a Client Plan would receive in an arm's length transaction with an unrelated party and (2) the ECO approves in advance and in writing (which may include electronic communication if retrievable by the ECO) the choice or recommendation of the MPS by the BlackRock Manager and the terms of the services, including but not limited to, the associated fees.

U. Purchases, Sales and Holdings by BlackRock Managers for Client Plans of Commercial Paper Issued by ABCP Conduits, When an MPS Has One or More Roles. Relief under Section I of this exemption is available for the purchase or sale, including purchases from or sales to an MPS, and the holding by BlackRock Managers acting on behalf of Client Plans of commercial paper issued by an ABCP Conduit with respect to which an MPS acts as seller, placement agent, and/or in some continuing capacity such as program administrator, provider of liquidity or provider of credit support, provided that:

1. (a)(i) The Client Plan is not an MPS Plan of the MPS with whom the purchase or sale takes place, or an MPS Plan of another member of the same

MPS Group as such MPS, and (ii) the Client Plan is not an MPS Plan of an MPS which is acting in a continuing capacity, or an MPS Plan of another member of the same MPS Group as such MPS, and (iii) no MPS described in Sections III.U.1.(a)(i) or (ii), or another member of the same MPS Group as such MPS, has discretionary authority or control with respect to the Client Plan assets involved in the Covered Transaction or renders investment advice (within the meaning of 29 CFR 2510.3-21(c)) with respect to such assets;

(b) This Section III.U.1 shall be deemed satisfied notwithstanding the investment of assets of an MPS Plan of the MPS, which is placement agent or otherwise is acting in a continuing capacity, in a Pooled Fund as of the date of the Acquisition, which Pooled Fund is a bank-maintained common or collective trust, provided that such assets when aggregated with the assets of all other MPS Plans of the same MPS Group as the MPS which is the placement agent or otherwise is acting in a continuing capacity and invested in such Pooled Fund, at all times since the date of the Acquisition, constitute or are deemed pursuant to Section II.A.3.(b) to constitute less than ten percent (10%) of such Pooled Fund.

2. The commercial paper has a stated maturity date of nine months or less from the date of issue, exclusive of days of grace, or is a renewal of an issue of commercial paper the maturity of which is likewise limited;

3. At the time it is acquired, the commercial paper is ranked in the highest rating category by at least one of the Rating Organizations;

4. If the seller or purchaser of the ABCP Conduit commercial paper is an MPS, secondary market purchases and sales are pursuant to the Three Quote Process, provided that, for purposes of this Section III.U.4., firm quotes on comparable short-term money market instruments rated in the same category may be used as quotes for purposes of the Three Quote Process;

5. If an MPS performs a continuing role and there is a default, the taking of or refraining from taking of any action by the responsible BlackRock Manager which could have a material positive or negative effect upon the MPS is decided upon by the IM;

No BlackRock Entity is to be regarded as an affiliate of any MPS for purposes of this Covered Transactions set forth in this Section III.U.

V. Purchase, Holding and Disposition by BlackRock Managers for Client Plans of Shares of Exchange-Traded Open-End Investment Companies Registered

Under the 1940 Act (ETF) Managed by BlackRock Managers. Relief under Section I of this exemption is available for the purchase, holding and disposition by BlackRock Managers for Client Plans of shares of an ETF managed by a BlackRock Manager provided that:

1. (a) The BlackRock Manager purchases such ETF shares from or through a person other than an MPS or a BlackRock Entity, and

(b) no purchase is exempt under Section I of this exemption if the BlackRock Manager portfolio manager acting for the Client Plan knows or should know that the shares to be acquired for Client Plans are Creation Shares, or that the purchase for Client Plans will result in new Creation Shares.

2. Notwithstanding Section III.V.1.(a), BlackRock Managers may purchase shares of ETFs managed by a BlackRock Manager through an MPS acting as agent for Client Plans which, as of the date of the Acquisition, had in place with a BlackRock Manager either a directed brokerage and/or wrap fee arrangement which required the BlackRock Manager to use such MPS as a Securities broker; provided that, (i) A list of all of such arrangements has been provided to the ECO and no material changes are made to such arrangements and (ii) the ECO Function periodically monitors purchases of Securities to ensure that the amount of BlackRock-managed ETF shares purchased for Client Plans under Section III.V.2. is not disproportionate to the amount of BlackRock-managed ETF shares purchased for Client Plans pursuant to Section III.V.1. Special Notice of all of the foregoing conditions for relief under this Section III.V.2. must be provided in accordance with the terms of Section II.F.

W. Investment of Assets of MPS Plans in a BlackRock Bank-Maintained Common or Collective Trust as of the Date of the Acquisition—Fees Paid Outside the Trust. Relief under Section I of this exemption is available with respect to MPS Plans invested in Pooled Funds as of the date of the Acquisition, which Pooled Funds are common or collective trusts maintained by BlackRock Institutional Trust Company, N.A., and in connection with which investments such MPS Plans pay management fees directly to BlackRock Managers until the earliest of (i) Termination of the investment in the Pooled Fund, (ii) transition of the fee arrangement to one under which the BlackRock Manager's fees are paid from assets of the Pooled Fund or by the MPS Plan sponsor, or (iii) December 31, 2010 (Unwind Period 2) provided that:

1. The fees paid by such MPS Plans to the BlackRock Managers during Unwind Period 2 are neither more than reasonable compensation nor significantly more than fees paid to the BlackRock Managers by other, comparable Client Plans invested in such Pooled Funds which are not MPS Plans; and

2. The MPS Plans do not pay to BlackRock Managers during Unwind Period 2 any type of fee or other compensation that was not charged to or otherwise borne by MPS Client Plan investors in the Pooled Fund as of the date of the Acquisition.

During Unwind Period 2, the IM must review the investment by the MPS Plans in the Pooled Fund; all fees paid by the affected MPS Plans to BlackRock Managers must be disclosed to the IM; the IM must review the offering documents for the Pooled Funds and any advisory or management agreements with BlackRock Managers; and any material change in the terms and conditions of the investment by the affected MPS Plans in the Pooled Fund, including but not limited to changes to fees paid to BlackRock Managers or the terms of the advisory or management agreements with BlackRock Managers, must be promptly disclosed to the IM and be subject to the IM's written approval. Further, during Unwind Period 2, each such MPS Plan may terminate its investment in the Pooled Fund upon no more than thirty (30) days notice and without incurring a redemption fee paid to a BlackRock Manager.

*X. Purchase, Holding and Disposition of BlackRock Equity Securities in the Secondary Market by BlackRock Managers for an Index Account or Fund, or a Model-Driven Account or Fund, Including Buy-Ups.*²⁴ Relief under Section I of this exemption is available for the purchase, holding and disposition of common or preferred stock issued by BlackRock in the secondary market by BlackRock Managers for Client Plans in an Index Account or Fund, or in a Model-Driven Account or Fund provided that:

1. The acquisition, holding and disposition of the BlackRock Securities is for the sole purpose of maintaining quantitative conformity with the weight of such Securities prescribed by the relevant Index, for Index Accounts or Funds, or the weight of such Securities prescribed by the relevant Model, for Model-Driven Accounts or Funds, and

²⁴ BlackRock requested such relief for the avoidance of any issue about the necessity for such relief in particular circumstances; the Department is not opining on the need for such relief herein.

such purchase is reasonably calculated not to exceed the purchase amount necessary for such Model or quantitative conformity by more than a de minimis amount.

2. Any acquisition of BlackRock Securities does not involve any agreement, arrangement or understanding regarding the design or operation of the account or fund acquiring the BlackRock Securities which is intended to benefit BlackRock or any party in which BlackRock may have an interest.

3. With respect to an acquisition of BlackRock Securities by such an account or fund which constitutes a Buy-Up,

(a) The acquisition is made on a single trading day from or through one broker-dealer, which broker-dealer is not an MPS or a BlackRock Entity; provided, however, that if the volume limitation in Section III.X.3.(d) below cannot be satisfied in a single trading day, the acquisition will be completed in as few trading days as possible in compliance with such volume limitation and such trades will be reviewed by the ECO and reported to the IM;

(b) based upon the best available information, the acquisition is not the opening transaction of a trading day and is not made in the last half hour before the close of the trading day;

(c) the price paid by the BlackRock Manager is not higher than the lowest current independent offer quotation, determined on the basis of reasonable inquiry from broker-dealers who are not MPSs or BlackRock Entities;

(d) aggregate daily purchases do not exceed fifteen percent (15%) of aggregate average daily trading volume for the Security, as determined by the greater of (i) The trading volume for the Security occurring on the applicable Recognized Securities Exchange and/or Automated Trading System on the date of the transactions, or (ii) the aggregate average daily trading volume for the Security occurring on the applicable Recognized Securities Exchange and/or Automated Trading System for the previous ten (10) trading days, both based on the best information reasonably available at the time of the transaction. These volume limitations are applied on a portfolio manager by portfolio manager basis unless purchases of BlackRock Securities are coordinated by the portfolio managers or trading desks, in which case the limitations are aggregated for the coordinating portfolio managers or trading desks. Provided further, if BlackRock, without Client Plan direction or consent, initiates a new Index Account or Fund or Model-Driven

Account or Fund on its own accord, with BlackRock Securities included therein, the volume restrictions for such new account or fund shall be determined by aggregating all portfolio managers purchasing for such new account of fund. Cross trades of BlackRock Securities which comply with an applicable statutory or administrative prohibited transaction exemption are not included in the amount of aggregate daily purchases to which the limitations of this Section III.X. apply;

(e) All purchases and sales of BlackRock Securities occur either (i) On a Recognized Securities Exchange, (ii) through an Automated Trading System operated by a broker-dealer that is not a BlackRock Entity and is either registered under the 1934 Act, and thereby subject to regulation by the Securities and Exchange Commission, or subject to regulation and supervision by the Securities and Futures Authority of the UK or another applicable regulatory authority, which provides a mechanism for customer orders to be matched on an anonymous basis without the participation of a broker-dealer, or (iii) through an Automated Trading System that is operated by a Recognized Securities Exchange, pursuant to the applicable securities laws, and provides a mechanism for customer orders to be matched on an anonymous basis without the participation of a broker-dealer; and

(f) the ECO designs acquisition procedures for BlackRock Managers to follow in Buy-Ups, which the IM approves in advance of the commencement of any Buy-Up, and the ECO Function monitors BlackRock Manager's compliance with such procedures.

Y. Acquisition by BlackRock Managers of Financial Guarantees, Indemnities and Similar Protections for Client Plans from MPSs. Relief under Section I of this exemption is available for the provision by an MPS of a financial guarantee, indemnification arrangement or similar instrument or arrangement providing protection to a Client Plan against possible losses or risks provided that:

1. The terms of the arrangement (including the identity of the provider) are approved by a fiduciary of the Client Plan which is independent of the MPS providing such protection and of BlackRock;

2. The compensation owed the MPS under the arrangement is paid by a BlackRock Entity and not paid out of the assets of the Client Plan;

3. In the event a Client Plan or the ECO concludes an event has occurred

which should trigger the obligations of the MPS under the arrangement, and the MPS disagrees to any material extent, the IM determines the steps the BlackRock Manager must take to protect the interests of the Client Plan; and

4. The MPS providing the arrangement is capable of being sued in United States courts, has contractually agreed to be subject to litigation in the United States with respect to any matter relating to this Section III.Y., and has sufficient assets in the United States to honor its commitments under the arrangement.

Section IV: Affiliated Underwritings and Affiliated Servicing

A. Affiliated Underwritings

1. The Securities to be purchased are either:

(a) Part of an issue registered under the 1933 Act, or, if Securities to be purchased are part of an issue that is exempt from such registration requirement, such Securities:

(i) Are issued or guaranteed by the United States or by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States,

(ii) are issued by a bank,

(iii) are exempt from such registration requirement pursuant to a Federal statute other than the 1933 Act, or

(iv) are the subject of a distribution and are of a class which is required to be registered under section 12 of the 1934 Act, and are issued by an issuer that has been subject to the reporting requirements of section 13 of the 1934 Act for a period of at least ninety (90) days immediately preceding the sale of such Securities and that has filed all reports required to be filed thereunder with the SEC during the preceding twelve (12) months; or

(b) part of an issue that is an Eligible Rule 144A Offering. Where the Eligible Rule 144A Offering of the Securities is of equity securities, the offering syndicate shall obtain a legal opinion regarding the adequacy of the disclosure in the offering memorandum; or

(c) municipal bonds taxable by the United States, including Build America Bonds created under section 54AA of the Code or successor thereto, under which the United States pays a subsidy to the state or local government issuer, but not including Building America Bonds which provide a tax credit to investors.

2. The Securities to be purchased are purchased prior to the end of the first day on which any sales are made, pursuant to that offering, at a price that

is not more than the price paid by each other purchaser of the Securities in that offering or in any concurrent offering of the Securities, except that:

(a) If such Securities are offered for subscription upon exercise of rights, they may be purchased on or before the fourth day preceding the day on which the rights offering terminates; or

(b) if such Securities are debt Securities, they may be purchased at a price that is not more than the price paid by each other purchaser of the Securities in that offering or in any concurrent offering of the Securities and may be purchased on a day subsequent to the end of the first day on which any sales are made, pursuant to that offering, provided that the interest rates, as of the date of such purchase, on comparable debt Securities offered to the public subsequent to the end of the first day on which any sales are made and prior to the purchase date are less than the interest rate of the debt Securities being purchased; and

3. The Securities to be purchased are offered pursuant to an underwriting or selling agreement under which the members of the syndicate are committed to purchase all of the Securities being offered, except if:

(a) such Securities are purchased by others pursuant to a rights offering; or

(b) such Securities are offered pursuant to an over-allotment option.

4. The issuer of the Securities to be purchased pursuant to this exemption must have been in continuous operation for not less than three (3) years, including the operation of any predecessors, unless the Securities to be purchased:

(a) Are non-convertible debt Securities rated in one of the four highest rating categories by a Rating Organization; provided that none of the Rating Organizations rates such Securities in a category lower than the fourth highest rating category; or

(b)(i) are debt Securities issued or fully guaranteed by the United States or by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States; or

(ii) are municipal bonds taxable by the United States, including Build America Bonds created under section 54AA of the Code or successor thereto, under which the United States pays a subsidy to the state or local government issuer, but not including Building America Bonds which provide a tax credit to investors; or

(c) are debt Securities which are fully guaranteed by a guarantor that has been in continuous operation for not less

than three (3) years, including the operation of any predecessors, provided that such guarantor has issued other Securities registered under the 1933 Act; or if such guarantor has issued other Securities which are exempt from such registration requirement, such guarantor has been in continuous operation for not less than three (3) years, including the operation of any predecessors, and such guarantor is:

(i) a bank;

(ii) an issuer of Securities which are exempt from such registration requirement, pursuant to a Federal statute other than the 1933 Act; or

(iii) an issuer of Securities that are the subject of a distribution and are of a class which is required to be registered under section 12 of the 1934 Act, and are issued by an issuer that has been subject to the reporting requirements of section 13 of the 1934 Act for a period of at least ninety (90) days immediately preceding the sale of such Securities and that has filed all reports required to be filed hereunder with the SEC during the preceding twelve (12) months.

5. The aggregate amount of Securities of an issue purchased, pursuant to this exemption, by the BlackRock Manager with: (i) the assets of all Client Plans; and (ii) the assets, calculated on a *pro rata* basis, of all Client Plans investing in Pooled Funds managed by the BlackRock Manager; and (iii) the assets of plans to which the BlackRock Manager renders investment advice within the meaning of 29 CFR 2510.3 21(c) does not exceed:

(a) ten percent (10%) of the total amount of the Securities being offered in an issue, if such Securities are equity securities;

(b) thirty five percent (35%) of the total amount of the Securities being offered in an issue, if such Securities are Asset-Backed Securities rated in one of the three highest rating categories by at least one of the Rating Organizations; provided that none of the Rating Organizations rates such Securities in a category lower than the third highest rating category;

(c) thirty five percent (35%) of the total amount of the Securities being offered in an issue, if such Securities are debt Securities rated in one of the four highest rating categories by at least one of the Rating Organizations; provided that none of the Rating Organizations rates such Securities in a category lower than the fourth highest rating category; or

(d) twenty five percent (25%) of the total amount of the Securities being offered in an issue, if such Securities are debt Securities rated in the fifth or sixth highest rating categories by at least one

of the Rating Organizations; provided that none of the Rating Organizations rates such Securities in a category lower than the sixth highest rating category; and

(e) the assets of any single Client Plan (and the assets of any Client Plans investing in Pooled Funds) may not be used to purchase any Securities being offered, if such Securities are debt Securities rated lower than the sixth highest rating category by any of the Rating Organizations;

(f) notwithstanding the percentage of Securities of an issue permitted to be acquired, as set forth in Subsections A.(5)(a)–(d) of this Section IV., the amount of Securities in any issue (whether equity or debt Securities or Asset-Backed Securities) purchased, pursuant to this exemption, by the BlackRock Manager on behalf of any single Client Plan, either individually or through investment, calculated on a *pro rata* basis, in a Pooled Fund may not exceed three percent (3%) of the total amount of such Securities being offered in such issue, provided that a Sub-Advised Pooled Fund described in Section VI.AAA. as a whole may purchase up to three percent (3%) of an issue; and

(g) If purchased in an Eligible Rule 144A Offering, the total amount of the Securities being offered for purposes of determining the percentages, described, above, in Section IV.A.5.(a)–(d) and (f), is the total of:

(i) The principal amount of the offering of such class of Securities sold by underwriters or members of the selling syndicate to QIBs; plus

(ii) The principal amount of the offering of such class of Securities in any concurrent public offering.

6. The aggregate amount to be paid by any single Client Plan in purchasing any Securities which are the subject of this exemption, including any amounts paid by any Client Plan in purchasing such Securities through a Pooled Fund, calculated on a *pro rata* basis, does not exceed three percent (3%) of the fair market value of the net assets of such Client Plan, as of the last day of the most recent fiscal quarter of such Client Plan prior to such transaction, provided that a Sub-Advised Pooled Fund as a whole may pay up to one percent (1%) of fair market value of its net assets in purchasing such Securities.

7. The covered transactions are not part of an agreement, arrangement, or understanding designed to benefit any BlackRock Entity or MPS.

8. Each Client Plan shall have total net assets with a value of at least \$50 million (the \$50 Million Net Asset Requirement). For purposes of engaging

in covered transactions involving an Eligible Rule 144A Offering, each Client Plan shall have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such Client Plan (the \$100 Million Net Asset Requirement).

For purposes of a Pooled Fund engaging in an Affiliated Underwriting, each Client Plan in such Pooled Fund other than a Sub-Advised Pooled Fund shall have total net assets with a value of at least \$50 million. Notwithstanding the foregoing, if each such Client Plan in a Pooled Fund other than a Sub-Advised Pooled Fund does not have total net assets with a value of at least \$50 million, the \$50 Million Net Asset Requirement will be met, if fifty percent (50%) or more of the units of beneficial interest in such Pooled Fund are held by investors, each of which has total net assets with a value of at least \$50 million.

For purposes of a Pooled Fund engaging in an Affiliated Underwriting involving an Eligible Rule 144A Offering, each Client Plan in such Pooled Fund other than a Sub-Advised Pooled Fund shall have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such Client Plan. Notwithstanding the foregoing, if each such Client Plan in such Pooled Fund other than a Sub-Advised Pooled Fund does not have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such Client Plan, the \$100 Million Net Asset Requirement will be met if fifty percent (50%) or more of the units of beneficial interest in such Pooled Fund are held by investors, each of which have total net assets of at least \$100 million in Securities of issuers that are not affiliated with such investor, and the Pooled Fund itself qualifies as a QIB.

For purposes of the net asset requirements described, above in Section IV.A.8., where a group of Client Plans is maintained by a single employer or controlled group of employers, as defined in ERISA section 407(d)(7), the \$50 Million Net Asset Requirement (or in the case of an Eligible Rule 144A Offering, the \$100 Million Net Asset Requirement) may be met by aggregating the assets of such Client Plans, if the assets of such Client Plans are pooled for investment purposes in a single master trust.

9. No more than twenty percent (20%) of the assets of a Pooled Fund, at the time of a covered transaction, are comprised of assets of In-House Plans for which the BlackRock Manager, or a BlackRock Entity exercises investment discretion.

10. The BlackRock Manager must be a QPAM, and, in addition to satisfying the requirements for a QPAM under section VI(a) of PTE 84-14, the BlackRock Manager must also have total client assets under its management and control in excess of \$5 billion, as of the last day of its most recent fiscal year and shareholders' or partners' equity in excess of \$1 million.

11. The BlackRock Manager maintains, or causes to be maintained, for a period of six (6) years from the date of any covered transaction such records as are necessary to enable the persons described below in Section IV.A.12.(a) to determine whether the conditions of this exemption have been met, except that:

(a) No party in interest with respect to a plan which engages in the covered transactions, other than the BlackRock Manager, shall be subject to a civil penalty under ERISA section 502(i) or the taxes imposed by Code sections 4975(a) and (b), if such records are not maintained, or not available for examination as required below by Section IV.A.12.(a); and

(b) A separate prohibited transaction shall not be considered to have occurred if, due to circumstances beyond the control of the BlackRock Manager, such records are lost or destroyed prior to the end of the six-year period.

12. (a) Except as provided below, in Section IV.A.12.(b), and notwithstanding the provisions of subsections (a)(2) and (b) of ERISA section 504, the records referred to, above, in Section IV.A.11. are unconditionally available at their customary location for examination during normal business hours by:

(i) Any duly authorized employee or representative of the Department, the Internal Revenue Service, or the SEC;

(ii) Any fiduciary of any plan that engages in the covered transactions, or any duly authorized employee or representative of such fiduciary;

(iii) Any employer of participants and beneficiaries and any employee organization whose members are covered by a plan that engages in the covered transactions, or any authorized employee or representative of these entities; or

(iv) Any participant or beneficiary of a plan that engages in the covered transactions, or duly authorized employee or representative of such participant or beneficiary;

(b) None of the persons described in Sections IV.A.12.(a)(ii) through (iv) shall be authorized to examine trade secrets of the BlackRock Manager, or commercial or financial information which is privileged or confidential; and

(c) Should the BlackRock Manager refuse to disclose information on the basis that such information is exempt from disclosure, pursuant to Section IV.A.12.(b), the BlackRock Manager shall, by the close of the thirtieth (30th) day following the request, provide a written notice advising that person of the reasons for the refusal and that the Department may request such information.

B. Affiliated Servicing

1. The Securities are CMBS that are rated in one of the three highest rating categories by a Rating Organization; provided that none of the Rating Organizations rates such Securities in a category lower than the third highest rating category.

2. The purchase of the CMBS meets the conditions of an applicable Underwriter Exemption.

3. (a) The aggregate amount of CMBS of an issue purchased, pursuant to this exemption, by the BlackRock Manager with:

- (i) The assets of all Client Plans; and
- (ii) The assets, calculated on a pro rata basis, of all Client Plans and In-House Plans investing in Pooled Funds managed by the Asset Manager; and
- (iii) The assets of plans to which the Asset Manager renders investment advice, within the meaning of 29 CFR Sec. 2510.3-21(c), does not exceed thirty five percent (35%) of the total amount of the CMBS being offered in an issue.

(b) Notwithstanding the percentage of CMBS of an issue permitted to be acquired, as set forth in Section IV.B.3.(a) of this exemption, the amount of CMBS in any issue purchased, pursuant to this exemption, by the Asset Manager on behalf of any single Client Plan, either individually or through investment, calculated on a pro rata basis, in a Pooled Fund may not exceed three percent (3%) of the total amount of such CMBS being offered in such issue, and

(c) If purchased in an Eligible Rule 144A Offering, the total amount of the CMBS being offered for purposes of determining the percentages described in Section IV.B.3(a), is the total of:

(i) The principal amount of the offering of such class of CMBS sold by underwriters or members of the selling syndicate to QIBs; plus

(ii) The principal amount of the offering of such class of CMBS in any concurrent public offering.

4. The aggregate amount to be paid by any single Client Plan in purchasing any CMBS which are the subject of this exemption, including any amounts paid by any Client Plan in purchasing such

CMBS through a Pooled Fund, calculated on a pro rata basis, does not exceed three percent (3%) of the fair market value of the net assets of such Client Plan, as of the last day of the most recent fiscal quarter of such Client Plan prior to such transaction.

5. The Covered Transactions under this Section IV.B. are not part of an agreement, arrangement, or understanding designed to benefit any MPS.

6. The requirements of Sections IV.A.8. through 12. are met.

Section V: Correction Procedures

A. 1. The ECO shall monitor Covered Transactions and shall determine whether a particular Covered Transaction constitutes a Violation. The ECO shall notify the IM within five (5) business days following the discovery of any Violation.

2. The ECO shall make an initial determination as to how to correct a Violation and place the conclusion of such determination in writing, with such conclusion disclosed to the IM within five (5) business days of the placing of the conclusion of such determination in writing. Following the initial determination, the ECO must keep the IM apprised on a current basis of the process of correction and must consult with the IM regarding each Violation and the appropriate form of correction. The ECO shall report the correction of the Violation to the IM within five (5) business days following completion of the correction. For purposes of this Section V.A.2., "correction" must be consistent with ERISA section 502(i) and Code section 4975(f)(5).

3. The IM shall determine whether it agrees that the correction of a Violation by the ECO is adequate and shall place the conclusion of such determination in writing, and, if the IM does not agree with the adequacy of the correction, the IM shall have the authority to require additional corrective actions by BlackRock.

4. A summary of Violations and corrections of Violations will be in the IM's annual compliance report as described in Section II.E.12.

B. Special Correction Procedure

1. If a Covered Transaction which would otherwise constitute a Violation is corrected under this "Special Correction Procedure," such Covered Transaction shall continue to be exempt under Section I of this exemption.

2. (a) The Special Correction Procedure is a complete correction of the Violation no later than fourteen (14) business days following the date on

which the ECO submits the quarterly report to the IM for the quarter in which the Covered Transaction first would become a non-exempt prohibited transaction by reason of constituting a Violation if not for this Section V.B.

(b) Solely for purposes of the Special Correction Procedure, "correction" of a Covered Transaction which would otherwise be a Violation means either:

(i) Restoring the Client Plan to the position it would have been in had the conditions of the exemption been complied with;

(ii) correction consistent with ERISA section 502(i) and Code section 4975(f)(5); or

(iii) correction consistent with the Voluntary Fiduciary Correction Program.²⁵

(c) Other than with respect to the definition of "correction" specified above, when utilizing the Special Correction Procedure the ECO and the IM shall comply with Section V.A.

Section VI: Definitions²⁶

A. "1933 Act" means the Securities Act of 1933, as amended.

B. "1934 Act" or "Exchange Act" means the Securities Exchange Act of 1934, as amended.

C. "1940 Act" means the Investment Company Act of 1940, as amended.

D. "\$50 Million Net Asset Requirement" shall have the meaning set forth in Section IV.A.8. of this exemption.

E. "\$100 Million Net Asset Requirement" shall have the meaning set forth in Section IV.A.8. of this exemption.

F. "ABCP Conduit" means a special purpose vehicle that acquires assets from one or more originators and issues commercial paper to provide funding to the originator(s). Such vehicles are typically administered by a bank, but is not required to be administered by a bank, which provides liquidity support (standing ready to purchase the conduit's commercial paper if it cannot be rolled over) and/or credit support (committing to cover losses in the event of default). The program administrator also typically acts as placement agent for the commercial paper, sometimes together with one or more other placement agents. Commercial paper issued by such a conduit may be purchased directly from the program administrator or other placement agent, or traded on the secondary market with

another broker-dealer making a market in the Securities.

G. "Acquisition" means the acquisition by BlackRock of Barclays Global Investors UK Holdings, Ltd. and its subsidiaries on December 1, 2009.

H. "Affiliate" of another person means:

(1) Any person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with such person;

(2) Any officer, director, partner, employee, or relative (as defined in section 3(15) of ERISA) of such other person; and

(3) Any corporation or partnership of which such other person is an officer, director, partner or employee.

I. "Asset-Backed Securities" means Securities which are pass-through certificates or trust certificates characterized as equity pursuant to 29 CFR 2510.3-101 that represent a beneficial ownership interest in the assets of an issuer which is a trust, with any such trust limited to (1) A single or multi-family residential or commercial mortgage investment trust, (2) a motor vehicle receivable investment trust, or (3) a guaranteed governmental mortgage pool certificate investment trust, and which entitles the holder to payments of principal, interest and/or other payments made with respect to the assets of the trust, the corpus or assets of which consist solely or primarily of secured obligations that bear interest or are purchased at a discount. For purposes of Section IV.A. of this exemption, Asset-Backed Securities are treated as debt Securities.

J. "authorizing fiduciary" has the meaning set forth in Section III.M.4(d)(i) of this exemption.

K. "Automated Trading System" or "ATS" means an electronic trading system, ECN or electronic clearing network or similar venue that functions in a manner intended to simulate a Securities exchange by electronically matching orders from multiple buyers and sellers, such as an "alternative trading system" within the meaning of the SEC's Reg. ATS (17 CFR part 242.300), as such definition may be amended from time to time, or an "automated quotation system" as described in Section 3(a)(51)(A)(ii) of the 1934 Act.

L. "B and C List" has the meaning set forth in Section III.A.1. of this exemption.

M. "BlackRock" means BlackRock, Inc. and any successors thereof.

N. "BlackRock Entity" means BlackRock and any entity directly or indirectly, through one or more intermediaries, under the control of

²⁵ PTE 2002-51, 67 FR 70623 (November 25, 2002), as amended, 71 FR 20135 (April 19, 2006).

²⁶ The definition of terms herein shall apply equally to the singular and plural forms of the terms defined. Section headings are for convenience only.

BlackRock, and any other entity which subsequently becomes directly or indirectly, through one or more intermediaries, under the control of BlackRock, and successors of the foregoing.

O. "BlackRock Manager" means any bank, investment advisor, investment manager directly or indirectly, through one or more intermediaries, under the control of BlackRock, and any other bank, investment advisor, or investment manager which subsequently becomes directly or indirectly, through one or more intermediaries, under the control of BlackRock, and successors of the foregoing, including but not limited to BlackRock Advisors, LLC, BlackRock Financial Management, Inc., BlackRock Capital Management, Inc., BlackRock Institutional Management Corporation, BlackRock International, Ltd., State Street Research and Management Company, BlackRock Realty Advisors, Inc., BlackRock Investment Management, LLC, BlackRock Fund Advisors, and BlackRock Institutional Trust Company, N.A. and any of the investment advisors and investment manager it controls.

P. "Buy-Up" means an initial acquisition of Securities issued by BlackRock by a BlackRock Manager, if such acquisition exceeds one percent (1%) of the aggregate daily trading volume for such Security, for an Index Account or Fund, or a Model-Driven Account or Fund which is necessary to bring the fund's or account's holdings of such Securities either to its capitalization-weighted or other specified composition in the relevant Index, as determined by the organization maintaining such Index, or to its correct weighting as determined by the Model.

Q. "Client Plan" means any plan subject to ERISA section 406, Code section 4975 or FERSA section 8477(c) for which a BlackRock Manager is a fiduciary as described in ERISA section 3(21), including, but not limited to, any Pooled Fund, MPS Plan, Index Account or Fund, Model-Driven Account or Fund, Other Account or Fund, or In-House Plan, except where specified to the contrary.

R. "CMBS" means an Asset-Backed Security with respect to which the assets or corpus of the issuer consist solely or primarily of obligations secured by commercial real property (including obligations secured by leasehold interests on commercial real property).

S. "Code" means the Internal Revenue Code of 1986, as amended.

T. "control" means the power to exercise a controlling influence over the

management or policies of a person other than an individual.

U. "Covered Transaction" means each transaction set forth in Section III by a BlackRock Manager for a Client Plan with, affecting or involving, directly or indirectly, an MPS and/or a BlackRock Entity.

V. "Creation Shares" means new shares in an ETF created by an exchange of a specified basket of Securities and/or cash to the ETF for such new shares of the ETF.

W. "ECO Function" means the ECO and such other BlackRock Entity employees in legal and compliance roles working under the supervision of the ECO in connection with the Covered Transactions. The list of BlackRock Entity employees shall be shared with the IM from time to time, not less than quarterly, and such employees will be made available to discuss the relevant Covered Transactions with the IM to the extent the IM or the ECO deem it reasonably prudent.

X. "Electronic Communications Network" or "ECN" means an electronic system described in Rule 600(b)(23) of Regulation NMS under the 1934 Act.

Y. "Eligible Rule 144A Offering" shall have the same meaning as defined in SEC Rule 10f-3(a)(4) (17 CFR 270.10f-3(a)(4)) under the 1940 Act.

Z. "Eligible Securities Depository" means an eligible securities depository as that term is defined under Rule 17f-7 of the 1940 Act, as such definition may be amended from time to time.

AA. "EPP Correction" has the meaning set forth in Section II.C. of this exemption.

BB. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

CC. "Exemption Compliance Officer" or "ECO" means an officer of BlackRock or of a BlackRock Entity appointed by BlackRock or such BlackRock Entity, subject to the approval of the IM, who is responsible for compliance with the exemption. The ECO, unless otherwise stated in this exemption, will be responsible for: monitoring all Covered Transactions and reviewing compliance with all of the conditions of the exemption applicable thereto; approving certain Covered Transactions in advance as required by the terms of the exemption; reviewing reports of Covered Transactions and the results of sampling of Covered Transactions; and determining when Covered Transactions transgress the EPPs and/or constitute a Violation.

DD. "ETF" means an exchange-traded open-end investment company registered under the 1940 Act.

EE. "Exemption Polices and Procedures" or "EPPs" means the written policy adopted and implemented by BlackRock for BlackRock Entities that is reasonably designed to ensure compliance with the terms of the exemption. The EPPs must reflect the specific requirements of the exemption, but must also be designed to ensure that the decisions to enter into Covered Transactions on behalf of Client Plans with the MPSs are in the interests of Client Plans and their participants and beneficiaries, including by ensuring to the extent possible that the terms of each Covered Transaction are at least as favorable to the Client Plan as the terms generally available in comparable arm's length transactions with unrelated parties.

FF. "FERSA" means the Federal Employees' Retirement System Act of 1986, as amended.

GG. "FHLMC" means the Federal Home Loan Mortgage Corporation.

HH. "Fixed Income Obligations" means: (1) Fixed income obligations including structured debt or other instruments characterized as debt pursuant to 29 CFR 2510.3-101, including, but not limited to, debt convertible into equity, certificates of deposit and loans (other than loans with respect to which an MPS is the entity which acts as lead lender) and (2) guaranteed governmental mortgage pool certificates within the meaning of 29 CFR 2510.3-101(i). Asset-Backed Securities are not Fixed Income Obligations for purposes of this exemption.

II. "FNMA" means the Federal National Mortgage Association.

JJ. "Foreign Bank" means an institution that has substantially similar powers to a bank as defined in section 202(a)(2) of the Investment Advisers Act, as amended, has as of the last day of its most recent fiscal year, equity capital which is the equivalent of no less than \$200 million, and is:

(1)(a) Registered and regulated under the laws of the Financial Services Authority in the United Kingdom, or (b)(i) registered and regulated by a securities commission of a Province of Canada that is a member of the Canadian Securities Administration, and (ii) is subject to the oversight of a Canadian self-regulatory authority; or

(2) subject to regulation by the relevant governmental banking agency(ies) of a country other than the United States and the regulation and oversight of these banking agencies were applicable to a bank that received: (i) An individual exemption, granted by the Department under section 408(a) of ERISA, involving the loan of securities

by a plan to a bank or (ii) a final authorization by the Department to engage in an otherwise prohibited transaction pursuant to Prohibited Transaction Exemption 96-62, as amended (PTE 96-62), involving the loan of securities by a plan to a bank. On the date this exemption becomes effective, the following countries shall qualify for purposes of this clause (ii): United Kingdom, Canada, Germany, Japan, Australia, Switzerland, France, the Netherlands and Sweden.

KK. "Foreign Broker-Dealer" means a broker-dealer that has, as of the last day of its most recent fiscal year, equity capital that is the equivalent of no less than \$200 million and is:

(1) Registered and regulated under the laws of the Financial Services Authority in the United Kingdom;

(2) Registered and regulated by a securities commission of a Province of Canada that is a member of the Canadian Securities Administration, and is subject to the oversight of a Canadian self-regulatory authority; or

(3) Registered and regulated under the relevant securities laws of a governmental entity of a country other than the United States and such securities laws and regulation were applicable to a broker-dealer that received: (a) An individual exemption, granted by the Department under section 408(a) of ERISA, involving the loan of securities by a plan to a broker-dealer or (b) a final authorization by the Department to engage in an otherwise prohibited transaction pursuant to PTE 96-62, as amended, involving the loan of securities by a plan to a broker-dealer. On the date this exemption becomes effective, the following countries shall qualify for purposes of this clause (2): United Kingdom, Canada, Germany, Japan, Australia, Switzerland, France, the Netherlands and Sweden.

LL. "Foreign Collateral" means:

(1) Securities issued by or guaranteed as to principal and interest by the following Multilateral Development Banks, the obligations of which are backed by the participating countries, including the United States: The International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the European Bank for Reconstruction and Development and the International Finance Corporation;

(2) Foreign sovereign debt securities provided that at least one nationally recognized statistical rating organization has rated in one of its two highest categories either the issue, the issuer or guarantor;

(3) The British pound, the Canadian dollar, the Swiss franc, the Japanese yen or the Euro;

(4) Irrevocable letters of credit issued by a Foreign Bank, other than the borrower or an affiliate thereof, which has a counterparty rating of investment grade or better as determined by a nationally recognized statistical rating organization; or

(5) Any type of collateral described in Rule 15c3-3 of the 1934 Act as amended from time to time provided that the lending fiduciary is a U.S. Bank or U.S. Broker-Dealer and such fiduciary indemnifies the plan with respect to the difference, if any, between the replacement cost of the borrowed Securities and the market value of the collateral on the date of a borrower default plus interest and any transaction costs which a plan may incur or suffer directly arising out of a borrower default. Notwithstanding the foregoing, collateral described in any of the categories enumerated in section V(e) of Prohibited Transaction Exemption 2006-16 will be considered U.S. Collateral for purposes of the exemption.

MM. "Foreign Exchange Transaction" means the exchange of the currency of one nation for the currency of another nation, or a contract for such an exchange. The term Foreign Exchange Transaction includes option contracts on foreign exchange transactions. Foreign Exchange Transactions may be either "spot", "forward" or "split" depending on the settlement date of the transaction.

NN. "GNMA" means the Government National Mortgage Association.

OO. "Independent Monitor" or "IM" means an individual or entity appointed by BlackRock to carry out certain functions set forth in Sections II, III and V of the exemption and who (or which), given the number of types of Covered Transactions and the number of actual individual Covered Transactions potentially covered by the exemption, must be knowledgeable and experienced with respect to each Covered Transaction and able to demonstrate sophistication in relevant markets, instruments and trading techniques relative thereto, and, in addition, must understand and accept in writing its duties and responsibilities under ERISA and the exemption with respect to the Client Plans. The IM must be independent of and unrelated to BlackRock and any MPS. For purposes of this exemption, such individual or entity will not be deemed to be independent of and unrelated to BlackRock and the MPSs if:

(1) Such individual or entity directly or indirectly controls, is controlled by, or is under common control with BlackRock or an MPS;

(2) Such individual or entity, or any employee thereof performing services in connection with this exemption, or an officer, director, partner, or highly compensated employee (as defined in Code section 4975(e)(2)(H)) thereof, is an officer, director, partner or highly compensated employee (as defined in Code section 4975(e)(2)(H)) of BlackRock or an MPS; or any member of the business segment performing services in connection with this exemption is a relative of an officer, director, partner or highly compensated employee (as defined in Code section 4975(e)(2)(H)) of BlackRock or an MPS.

However, if an individual is a director of the IM and an officer, director, partner or highly compensated employee (as defined in Code section 4975(e)(2)(H)) of BlackRock or an MPS, and if he or she abstains from participation in any of the services performed by the IM under this exemption, then this Section VI.OO.(2) shall not apply.

For purposes of this Subsection, the term officer means a president, any senior vice president in charge of a principal business unit, division or function (such as sales, administration, or finance), or any other officer who performs a policy-making function for the IM, BlackRock, or an MPS.

(3) The IM directly or indirectly receives any compensation or other consideration for the IM's personal account in connection with any Covered Transaction, except that the IM may receive compensation from BlackRock for acting as IM as contemplated herein if the amount or payment of such compensation is reasonable and not contingent upon or in any way affected by any decision made by the IM while acting as IM; or

(4) The annual gross revenue received by the IM, during any year of its engagement, from the MPSs and BlackRock Entities for all services exceeds the greater of (a) Five percent (5%) of the IM's annual gross revenue from all sources for its prior tax year, or, (b) one percent (1%) of the annual gross revenue of the IM and its majority shareholder from all sources for their prior tax year.

PP. "Index" means an equity or debt Securities or commodities index that represents the investment performance of a specific segment of the market for equity or debt Securities or commodities in the United States and/or an individual foreign country or any

collection of foreign countries, but only if—

(1) The organization creating and maintaining the index is:

(a) Engaged in the business of providing financial information, evaluation, advice or Securities brokerage services to institutional clients,

(b) a publisher of financial news or information, or

(c) a public Securities exchange or association of Securities dealers; and

(2) The index is created and maintained by an organization independent of all BlackRock Entities. For purposes of this definition of “Index,” every BlackRock Entity is deemed to be independent of every MPS.

(3) The index is a generally accepted standardized index of Securities or commodities which is not specifically tailored for the use of a BlackRock Manager(s).

(4) If the organization creating, providing or maintaining the Index is an MPS:

(a) such Index must be widely-used in the market by independent institutional investors other than pursuant to an investment management or advisory relationship with a BlackRock Manager, and must be prepared or applied by such MPS in the same manner as for customers other than a BlackRock Manager(s);

(b) BlackRock must certify to the ECO whether, in its reasonable judgment, such Index is widely-used in the market. In making this determination, BlackRock shall take into consideration factors such as (i) Publication of summary Index information by the MPS providing the Index, Bloomberg, Reuters, or a similar institution involved in the dissemination of financial information, and (ii) delivery of Index information including but not limited to Index component information by such MPS to clients or other subscribers including by electronic means including via the Internet;

(c) BlackRock must notify the ECO if it becomes aware that: (i) Such Index is operated other than in accordance with objective rules, in the ordinary course of business, (ii) manipulation of any such Index has occurred for the purpose of benefiting BlackRock, or (iii) in the event that any rule change occurred in connection with the rules underlying such Index, such rule change was made by the MPS for the purpose of benefiting BlackRock; provided, however, this Subsection (c)(iii) expressly excludes instances where the rule changes were made in response to requests from clients/prospective clients of BlackRock

even if BlackRock is ultimately hired to manage such a portfolio (e.g., if plan sponsor X requests a “Global ex-Sudan Fixed Income Index”, an MPS decides to sponsor such index and plan sponsor X approaches BlackRock or otherwise issues a “Request for Proposal” for investment managers who could manage an index portfolio benchmarked to the Global ex-Sudan Fixed Income Index).

(d) BlackRock must certify to the ECO annually that it is not aware of the occurrence of any of the events described in Section VI.PP.(4)(c), and if BlackRock cannot so certify, or if BlackRock provides the ECO with the notice described Section VI.PP.(4)(c), the ECO shall notify the IM, and the IM must take appropriate remedial action which may include, but need not be limited to, instructions for relevant BlackRock Managers to cease using such Index.

QQ. “Index Account or Fund” means any investment fund, account or portfolio sponsored, maintained, trustee, or managed by a BlackRock Manager or a BlackRock Entity, in which one or more Client Plans invest, and—

(1) Which is designed to track the rate of return, risk profile and other characteristics of an Index by either (i) replicating the same combination of Securities or commodities which compose such Index or (ii) sampling the Securities or commodities which compose such Index based on objective criteria and data;

(2) for which the BlackRock Manager does not use its discretion, or data within its control, to affect the identity or amount of Securities or commodities to be purchased or sold;

(3) that contains “plan assets” subject to either ERISA section 406, Code section 4975 or FERSA section 8477(c); and,

(4) that involves no agreement, arrangement, or understanding regarding the design or operation of the Index Account or Fund which is intended to benefit a BlackRock Entity or an MPS, or any party in which a BlackRock Entity or an MPS may have an interest.

For purposes of this definition of “Index Account or Fund”, every BlackRock Entity is deemed to be independent of each MPS.

RR. “In-House Plan” means an employee benefit plan that is subject to ERISA section 406 and/or Code section 4975, and that is sponsored by a BlackRock Entity for its employees.

SS. “Interbank Rate” means the interbank bid and asked rate for foreign exchange transactions of comparable size and maturity at the time of the

transaction as quoted on a nationally recognized service for facilitating foreign currency trades between large commercial banks and Securities dealers.

TT. “know” means to have actual knowledge. BlackRock Managers will be deemed to have actual knowledge of information set forth in a written agreement or offering document as of the date the BlackRock Manager receives such agreement or document.

UU. “Model” means a computer model that is based on prescribed objective criteria using independent data not within the control of a BlackRock Entity to transform an Index.

VV. “Model-Driven Account or Fund” means any investment fund, account or portfolio sponsored, maintained, trustee, or managed by a BlackRock Manager or a BlackRock Entity in which one or more Client Plans invest, and—

(1) Which is composed of Securities or commodities the identity of which and the amount of which are selected by a Model;

(2) that contains “plan assets” subject to either ERISA section 406, Code section 4975 or FERSA section 8477(c); and

(3) that involves no agreement, arrangement, or understanding regarding the design or operation of the Model-Driven Account or Fund or the utilization of any specific objective criteria which is intended to benefit a BlackRock Entity or an MPS, or any party in which a BlackRock Entity or an MPS may have an interest.

For purposes of this definition of “Model-Driven Account or Fund,” every BlackRock Entity is deemed to be independent of each MPS.

WW. “MPS” or “Minority Passive Shareholder” means (1) Barclays PLC, (2) Bank of America Corporation, (3) The PNC Financial Services Group, Inc., or (4) each entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with one or more of Barclays PLC (Barclays MPSs), Bank of America Corporation (BOA MPSs) or The PNC Financial Services Group, Inc., (PNC MPSs) (each of the PNC MPSs, Barclays MPSSs, and the BOA MPSSs, an MPS Group) but excluding any and all BlackRock Entities. Bank of America Corporation and any entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Bank of America Corporation (collectively, the BOA Group) shall cease to be an MPS on the day after the number of representatives of the BOA Group on the BlackRock Board of Directors is reduced to one (1).

XX. "MPS Group" shall have the meaning set forth in the definition of MPS.

YY. "MPS Plans" means an employee benefit plan(s) that is subject to ERISA section 406 and/or Code section 4975, and that is sponsored by an MPS for its employees.

ZZ. "Other Account or Fund" means any investment fund, account or portfolio sponsored, maintained, trustee, or managed by a BlackRock Manager or a BlackRock Entity in which one or more Client Plans invest, and—

(1) which is not an Index Account or Fund or a Model-Driven Account or Fund; and

(2) that contains "plan assets" subject to either ERISA section 406, Code section 4975 or FERSA section 8477(c).

AAA. "Pooled Fund" means a common or collective trust fund or other pooled investment fund:

(1) In which Client Plan(s) invest; (2) for which a BlackRock Manager exercises discretionary authority or discretionary control respecting the management or disposition of the assets of such fund(s); and

(3) that contains "plan assets" subject to either ERISA section 406, Code section 4975 or FERSA section 8477(c).

Solely for purposes of Section IV of this exemption, "Pooled Fund(s)" shall only include funds or trusts which otherwise meet this definition but which also are either (i) Maintained by a BlackRock Entity or (ii) maintained by a person which is not a BlackRock Entity but is sub-advised by a BlackRock Manager, provided that with respect to a Pooled Fund described in (ii), (A) the fund or trust is either a bank-maintained common or collective trust fund or an insurance company pooled separate account that holds assets of at least \$250 million, (B) the bank or insurance company sponsoring the pooled fund has total client assets under its management or control in excess of \$5 billion as of the last day of its most recent fiscal year, and shareholders' or partners' equity in excess of \$1 million, and (C) the decision to invest the Client Plan into the bank-maintained common or collective trust or insurance company pooled separate account and to maintain such investment is made by a Client Plan fiduciary which is not a BlackRock Entity. Such sub-advised Pooled Funds are sometimes referred to herein as "Sub-Advised Pooled Funds".

BBB. "QPAM Exemption" or "PTE 84-14" means Prohibited Transaction Exemption 84-14, as amended.

CCC. "Qualified Professional Asset Manager" or "QPAM" shall have the meaning set forth in Section VI(a) of the QPAM Exemption.

DDD. "Qualified Institutional Buyer" or "QIB" shall have the same meaning as defined in SEC Rule 144A (17 CFR 230.144A(a)(1)) under the 1933 Act.

EEE. "Rating Organizations" means Standard & Poor's Rating Services, Moody's Investors Service, Inc., Fitch Ratings Inc., DBRS Limited, DBRS, Inc., or any similar agency subsequently recognized by the Department as a Rating Organization or any successors thereto.

FFF. "Recognized Securities Exchange" means a U.S. securities exchange that is registered as a "national securities exchange" under section 6 of the 1934 Act, or a designated offshore securities market, as defined in Regulation S of the SEC (17 CFR part 230.902(b)), as such definition may be amended from time to time, which performs with respect to Securities the functions commonly performed by a stock exchange within the meaning of definitions under the applicable Securities laws (e.g., 17 CFR part 240.3b-16).

GGG. "Registered Investment Advisor" means an investment advisor registered under the Investment Advisors Act of 1940, as amended, that has total client assets under its management or control in excess of \$5 billion as of the last day of its most recent fiscal year and shareholders' or partners' equity in excess of \$1 million, as shown in the most recent balance sheet prepared within the two years immediately preceding a Covered Transaction, in accordance with generally accepted accounting principles.

HHH. "SEC" means the United States Securities and Exchange Commission.

III. "Securities" shall have the same meaning as defined in section 2(a)(36) of the 1940 Act. For purposes of Section IV of this exemption, except as where specifically identified, Asset-Backed Securities are treated as debt Securities.

JJJ. "Special Notice" shall have the meaning set forth in Section II.F. of this exemption.

KKK. "Three Quote Process" means three bids or offers (either of which being sometimes referred to as quotes) are received by a trader for a BlackRock Manager each of which such quotes such trader reasonably believes is an indication that the dealer presenting the bid or offer is willing to transact the trade at the stipulated volume under discussion, and all material terms (including volume) under discussion are materially similar with respect to each other such quote. In selecting the best of three such quotes, a BlackRock Manager shall maintain books and records for the three firm bids/offers in a convention

that it reasonably believes is customary for the specific asset class (such as "price" quotes, "yield" quotes or "spread" quotes). For example, corporate bonds are often quoted on a spread basis and dealers customarily quote the spread above a certain benchmark bond's yield (e.g., for a given size and direction such as a BlackRock trader may ask for quotes to sell \$1 million of a particular bond, dealer 1 may quote 50 bps above the yield of the 10 year treasury bond, dealer 2 might quote 52 bps above the yield of the 10 year treasury bond and dealer 3 might quote 53 bps above the yield of the 10 year treasury bond). If only two firm bids/offers can be obtained, the trade requires prior approval by the ECO and the ECO must inquire as to why three firm bids/offers could not be obtained. If in the case of a sale or purchase a trader for a BlackRock Manager reasonably believes it would be injurious to the Client Plan to specify the size of the intended trade to certain bidders, a bid on a portion of the intended trade may be treated as a firm bid if the trader documents (i) Why the bid price is a realistic indication of the economic terms for the actual amount being traded despite the difference in the size of the actual trade and (ii) why it would be harmful to the Client Plan to solicit multiple bids on the actual amount of the trade. If a trader for a BlackRock Manager solicits bids from three or more dealers on a sale or purchase of a certain volume of Securities, and receives back three or more bids, but at least one bid is not for the full amount of the intended sale, if the price offered by the partial bidder(s) is less than the price offered by the full bidder(s), the trader may assume a full bid by the partial bidder(s) would not be the best bid, and the trader can consummate the trade, in the case of at least two full bids, with the dealer making the better of the full bids, or in the case of only one full bid, with the dealer making that full bid.

LLL. "Type A Transactions" means transactions between BlackRock Managers on behalf of Client Plans with MPSs which (i) are or were continuing transactions within the meaning of section VI(i) of PTE 84-14 and/or section IV(h) of Prohibited Transaction Exemption 91-38 in existence on the date of the Acquisition, and (ii) pursuant to which there is no discretion on the part of either party, other than the ability of the BlackRock Manager to sell or otherwise transfer the Client Plan's position to a third party, or the ability of the MPS to sell or otherwise transfer its position to a third party, or

the ability of the MPS to otherwise terminate the transaction on previously specified terms.

MMM. "Type B Covered Transactions" means transactions which meet the criteria to be Type A Transactions but which possess the additional feature that the BlackRock Manager, on behalf of a Client Plan, has the option to terminate the transaction with the MPS on previously specified terms.

NNN. "Type C Covered Transactions" means transactions which meet the criteria to be Type B Covered Transactions but which possess the additional feature that the BlackRock Manager may terminate or modify the transaction on behalf of a Client Plan under certain circumstances, but only with negotiation and/or payment of consideration to the MPS or to the Client Plan which was not predetermined.

OOO. "Underwriter Exemption(s)" means a group of individual exemptions granted by the Department to provide relief for the origination and operation of certain asset pool investment trusts and the acquisition, holding and disposition by plans of Asset-Backed Securities representing undivided interests in those trusts. Such group of individual exemptions was collectively amended by Prohibited Transaction Exemption 2009-31, 74 FR 59001 (Nov. 16, 2009).

PPP. "Unwind Period" shall have the meaning set forth in Section II.A.3.(b) of this exemption.

QQQ. "Unwind Period 2" shall have the meaning set forth in Section III.W. of this exemption.

RRR. "U.S. Bank" means a bank as defined in section 202(a)(2) of the Investment Advisers Act, as amended.

SSS. "U.S. Broker-Dealer" means a broker-dealer registered under the 1934 Act or exempted from registration under section 15(a)(1) of the 1934 Act as a dealer in exempted government Securities (as defined in section 3(a)(12) of the 1934 Act).

TTT. "U.S. Collateral" means:

(1) U.S. currency;

(2) "government securities" as defined in section 3(a)(42)(A) and (B) of the 1934 Act;

(3) "government securities" as defined in section 3(a)(42)(C) of the 1934 Act issued or guaranteed as to principal or interest by the following corporations: The Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Student Loan Marketing Association and the Financing Corporation;

(4) mortgage-backed Securities meeting the definition of a "mortgage related security" set forth in section 3(a)(41) of the 1934 Act;

(5) negotiable certificates of deposit and bankers acceptances issued by a "bank" as that term is defined in section 3(a)(6) of the 1934 Act, and which are payable in the United States and deemed to have a "ready market" as that

term is defined in 17 CFR 240.15c3-1; or

(6) irrevocable letters of credit issued by a U.S. Bank other than the borrower or an affiliate thereof, or any combination, thereof.

WWW. "Violation" means a Covered Transaction which is a prohibited transaction under section 406 or 407 of ERISA, Code section 4975, or FERSA section 8477(c) and which is not exempt by reason of a failure to comply with this exemption or another administrative or statutory exemption. To the extent that the non-exempt prohibited transaction relates to an act or omission that is separate and distinct from a prior otherwise exempt transaction that may relate to the same asset (e.g., a conversion of a debt instrument into an equity instrument or a creditor's committee for a debt instrument), the Violation occurs only at the current point in time and no Violation shall be deemed to occur for the earlier transaction relating to the same asset (e.g., the initial purchase of the asset) that was otherwise in compliance with ERISA, the Code or FERSA.

Signed at Washington, DC, this 4th day of August, 2011.

Ivan Strasfeld,

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Employee Benefits Security Administration,
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